Daily Report

Latin America

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Cuba

Commentary Hails Youth Support for Revolution

PA3112154892 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Dec 92

[Roberto Morejon commentary]

[Text] Cuba's young people have called on all patriotic citizens to show their support for the island's political project at year's end, especially on 30 December.

The type of mass demonstrations to which we have grown accustomed—thanks to the Union of Young Communists [UJC]—consists of events to honor heroes and martyrs and of shows and recreation activities.

This time the objective is to commemorate the 34th anniversary of the triumph of the Cuban Revolution. This activity has undoubtable importance in Havana Province because 1 million people from the capital will be involved.

The demonstrations of support, called Yes For Cuba, have been going on for several days in provincial capitals and on the Isle of Youth with the participation not only of young people but of all Cubans who want to show their feelings.

In addition to the demonstrations on the island, this year the young people promoted celebrations of the triumph of the revolution in more than 10 countries where there are—and not by chance—constant demonstrations of solidarity for the island.

According to UJC leader Roberto Robaina, the Yes For Cuba effort is more than a campaign. It is an attitude, a way of seeing that the material scarcity situation does not become a source of frustration for the people.

The Cuban people are going through a difficult time—known as the special period in peacetime—as a result of the loss of most of its traditional trading partners and the tightening of the U.S. blockade.

The decline of Cuba predicted by foreign enemies is far from happening because, among other reasons, the young people head the support for autochthonous socialism.

Thousands of young people started working on the sugar harvest and on other agricultural tasks in December. They will rest only to participate in the Yes for Cuba celebrations.

Castro Meets With French Communist Editor

FL0201011293 Havana Cuba Vision Network in Spanish 2320 GMT 1 Jan 93

[Text] During the Yes for Cuba reaffirmation ceremony held at Revolution Square, Commander in Chief Fidel Castro, first secretary of our party's [the Communist Party of Cuba] Central Committee and president of the Councils of State and Ministers, met with Roland Leroy, member of the French Communist Party Politburo and [political] director of the daily paper L'HUMANITE. The two had a fraternal conversation about the consequences for Cuba of the brutal economic embargo by the United States and about our people's spirit of resistance and creativity.

Roundup of Economic Activity Reported 28 - 31 Dec

FL0201033793

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 28 December and 31 December.

Pinar del Rio fertilizer factory has produced over 32,000 tons of fertilizer, exceeding their 1992 plan by over 2,000 tons. If they could acquire more sacks, they could produce an additional 600-700 tons. This plant produces all the tobacco fertilizer needed in the province, which is the nation's largest tobacco producer. It also produces the bulk of the fertilizer for tubers, vegetables, and other basic crops. Because of its production success, Central Committee member Fidel Ramos Perera, first secretary of the Pinar del Rio Province PCC, toured the plant, acknowledging the tenacious efforts of the plant's 120 workers. He commends their continued dedication. They have been known to work up to 14 hours a day, including Sundays, since September, when the demand for fertilizers in non-cane agriculture increased. The plant uses diverse raw materials, including fosforita, a mineral native to Minas de Matahambre municipality. The introduction of peat and compost has saved the nation 1.5 million dollars. In addition, the petroleum drilling and extraction enterprise in central Cuba has met its production goal and workers of the Francisco Acanda Central Maintenance Unit made and/or recovered some 21 pieces of pumping equipment for extracting Cuban crude, which are worth about $30,000 on the international market. Technicians and specialists of the Las Tunas industrial gases plant have devised a technology for refurbishing a type of compressor that can deliver 134 cubic liters of gases per hour. (Radio Rebelde Network in Spanish 1800 GMT 28 Dec 92)

The oil industry has fulfilled its plan by producing 850,000 tons of crude. San Cristobal Municipality in Pinar del Rio has broken the record for cold-season cane planting, with 231 caballerias (126 more than last year) planted, and has 20 manual cane cutting brigades formed. The province has 266 caballerias planted in cane. In Camaguey, eight sugar mills are contributing some 30,000 megawatt-hours per year to the national electricity network through the use of turbogenerators. Upon the assembly of an additional four, the annual generating capacity will be 40,000 magawatt-hours. (Radio Rebelde in Spanish 1800 GMT 29 Dec 92) According to Farm Chief Enrique Ramos, in 1992 Farm No. 5 of the Miscellaneous Crops Enterprise in Guines Municipality, Havana Province, had average yields of

7,000 quintals per caballeria. Ramos also said the farm has almost completed its cold season planting plan, and that Farm No. 5 has produced almost 440,000 quintals this year, mostly potatoes and plantains, but also tomatoes, cabbage, boniato, and yucca. Farm No. 5—with 62 caballerias—produced in 1992 approximately the same amount of food crops as did the entire enterprise in 1991. Over 75 of the 92 cane farms planned for the Villa Clara Province's 28 agroindustrial complexes have been formed, as part of the process of restructuring sugarcane agriculture in Cuba, and that the Juan Carlos Vargas Cane Farm, which belongs to the Hector Rodriguez Mill in Sagua la Grande Municipality, has just been formed near the town of Rosita.

The workers of the biological products factory in Sancti Spiritus Province have managed to produce half a million plantain seedlings, thereby completing the factory's plan for the year, and producing almost 2.5 times as many units as 1991's 209,000 seedlings. This factory's 1992 production will allow them to plant some 19 caballerias of land with high-quality, pest- and disease-resistant seedlings. (Radio Reloj Spanish 2030 GMT 29 Dec 92) The Pedro Soto Alva nickel plant in Holguin Province is the most efficienct of the three nickel factories in the country; it gets 95 percent of nickel from the ore and the processed ore it exports contains 90.6 percent nickel. It is the only factory in the world to use sulfuric acid under pressure in the acid lixiviation process. (Radio Rebelde Spanish 1255 GMT 30 Dec 92) Havanatur brought in 90,000 tourists during 1992, a 50-percent increase in its tourism activity. It handles 20 percent of the foreign tourists and shows increased multiple destinations that include Cuba with other Caribbean destinations. Havanatur expects to service 163,000 bookings in 1993.

In addition, the Lenin Miscellaneous Crops Enterprise in Jovellanos Municipality, Matanzas Province, produced 740,000 quintals of tubers and vegetables, breaking a record of 702,000 quintals in 1985. (Radio Reloj Spanish 1500 GMT 30 Dec 92)

In 1992, 18 Cuban sculptors worked in the artistic ceramics studio, the first of its kind in Cuba, and located on the Isle of Youth. On the first anniversary of its creation, this studio is showing encouraging results as to production and marketing of works of art, the quality of which will open new markets. The studio is expected to be able to produce some 10,000 high-quality pieces in 1993. There is a similar installation in Varadero.

Matanzas Province's agricultural workers have planted the 150 caballerias of potatoes that were scheduled to be planted for this period, and have almost finished planting the 1,050 caballerias of cold-season cane promised in tribute to the 34th anniversary of the triumph of the revolution. In addition, the (Enrique Carr) rum factory in Matanzas—which makes several different kinds of rums and wines—has exceeded its production plan for 1992. (Radio Reloj Spanish 2030 GMT 30 Dec 92)

Despite enormous fuel limitations, the people intensified their efforts in prioritized tasks. They reached a 44 percent increase in the production of tubers and vegetables. Havana completed the year with approximately 11 million quintals of harvested agricultural products. In Holguin, they increased tuber production to 15 pounds per capita per month, which is four times the amount produced the year before. (Radio Rebelde Network Spanish 1800 GMT 31 Dec 92)

Antigua and Barbuda

Opposition Party Outlines Position on Issues

FL3112141892 Bridgetown CANA in English 1244 GMT 31 Dec 92

[By Colin James]

[Text] St. John's, Antigua, Dec 31, CANA—Antigua and Barbuda's main opposition United Progressive Party (UPP) has released a document outlining its position on a range of political, social, and economic issues.

The 13-page policy statement, entitled "People First" calls for political and democracy reforms, a diversified economy, a revamped educational system, and greater roles for women and youth in national development.

"Antigua and Barbuda now stands in urgent need of reconstruction.... Only UPP can lead and motivate this reconstruction, and only the deepest and broadest participation of the people can ensure success for this new beginning," the document stated.

It added, "this is the corner-stone, the foundation of the UPP policy, that democracy must deepen representation, while at the same time increasing the participation of people through their empowerment in all sectors of.... national life."

The paper was launched last March. It is a merger of the United National Democratic Party (UNDP), the Progressive Labour Movement (PLM), and the Antigua-Caribbean Liberation Movement (ACLM).

"We will uphold, defend, and advance the Constitution in the full knowledge that it is the social contract which is the bulwark against the corruption of life and living, and which guarantees the full and free development of equal rights and justice," the UPP pledged.

It said it "was brought on the political stage, by the people, to create a genuine democracy and to carry through a series of democratic reforms vital to the democratic development of Antigua and Barbuda."

"UPP, then, is not a marriage of convenience. It is not the product of expedience. It is not a merger or an electoral alliance. UPP is a historic necessity called into being by the overwhelming majority of people to address the need to eradicate corruption," the statement said.

Among its proposal for democratic reforms is an anti-corruption code which would require "all ministers in a UPP government.... to declare their sources of income and assets annually."

The party said "longevity in (public) office has proved to be a cause of corruption.... (And) to this end, no UPP elected member can serve more than two consecutive terms as prime minister."

The party said it would appoint committees "to oversee the performance of each ministry" the committees would be "made up of elected members, government and opposition as well as members of the public." The party also favours the appointment of an ombudsman, as part of the anti-corruption code.

Under its political reform programme, the UPP said it would appoint opposition members to all commissions, including the public service and electoral bodies.

It said it "will completely break with (the) policy" in which the public media is "considered government media to be used exclusively by the government."

The UPP also said it would "seek to ensure that nationals, through private and public enterprises, become the dominant force in the economy." Its economic policy includes establishment of an economic intelligence unit "to advise local business of opportunities in Caricom [Caribbean Community] and international markets, with a view to making Antigua and Barbuda a key player in intra-regional trade, especially the production and export of handicrafts and ceramics."

"A UPP government will insist on joint-ventures, inviting local investors to participate with regional and foreign investors as well as with government in establishing new enterprises," according to the document. It said the party "will reserve areas of the national economy for nationals to accumulate capital for national development."

On females, the UPP said it "will include them fully in participatory politics.... And provide opportunities to see to it that women are fully involved in representational politics at the same time."

"Women from all organisations would be represented on a women's development council, which would draw up a plan for the development of women, review the condition of women in the workplace," the opposition party said.

"It will report and resolve instances of discrimination against women in the work-place. It will annually meet with government to secure budgeting allocation for women in development."

The party also wants new legislation "to protect women from domestic violence" and "the creation of a family court, where disputes within the family can be settled in camera, without the full glare of the public, and with dignity befitting the family and society."

The party proposes to establish a national youth council and a savings and loans association as part of its youth programme. It said it would tackle drug abuse among the youth and re-organise the country's defence force to be "a social force for the development of youth."

Censured Officials Hired as Government Consultants

FL0401180393 Bridgetown CANA in English 1630 GMT 4 Jan 93

[Text] St. John's, Antigua, Jan 4, CANA—Two men who were at the centre of an illegal arms trans-shipment scandal that rocked Antigua and Barbuda three years ago, have been rehired by the government as consultants, government sources and local newspapers reported.

They are former Public Works Minister Vere Bird Jr and former Defence Force Commander Lieutenant-Colonel Clyde Walker, who were censured by a government-appointment commission for their involvement in the trans-shipment of Israeli arms to Colombian drug dealers.

The sole commissioner, British jurist Louis Blom-Cooper, had recommended that Bird jr, eldest son of Prime Minister Vere Bird SR, be barred from holding public office for life. He also had recommended Walker's instant dismissal as Army chief.

Cabinet Secretary Lounel Stevens told CANA Bird Jr had been appointed a consultant to the prime minister. "The terms of his appointment are still being worked out," he added.

Stevens said Walker was appointed "as a consultant to advise the minister of public utilities and aviation on security matters".

Both appointments took effect on December 1, 1992, the cabinet secretary added.

The SENTINEL newspaper, which is owned by Bird Jr, said Walker would assist "in the formulation of a new programme to beef up security at the V.C. Bird International Airport."

The paper said Bird Jr was also appointed to assist the minister of finance in the establishment of a national data base and computer centre.

"He will also consult with the Ministry of Home Affairs.....(to) help in establishing and setting up a national youth service for the government," the SENTINEL said.

Commenting on the appointments, the weekly opposition OUTLET newspaper said the government's decision to rehire both men "flies in the face of the Blom Cooper report and in the face of the public."

Haiti

Electoral Council Announces BIV Open 5-15 Jan

FL0401224793 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 4 Jan 92

[Text] In the latest communique, published on 2 January, the electoral council has announced that the Voting and Registration Offices [BIV's] will be open from 5 to 15 January. All citizens who would like to renew their electoral cards must go to the BIV closest to their homes. One must be registered on an electoral list in the commune where one is living, and have an electoral card, in order to vote. The council says it will maintain the electoral list of the 1990 registrations. The electoral council reminds those who will be applying for their electoral cards for the first time to bring with them a valid identification document—a birth certificate, baptismal certificate, [fiscal] identification card, driver's license, passport, or any other document accepted by the BIV. Otherwise, the citizen would need two people, who must also be on the electoral list, to accompnay them as witnesses. In order to vote in the 18 to 25 January elections, voters must be able to produce their electoral cards.

In conclusion, the council has published articles excerpted from the electoral law, including Articles 129 and 134, on the safety of the BIV's; and Articles 97 and 101 on how political parties and candidates must behave during the electoral campaigns.

(Balthazar Saint-Phard Line), the president of the electoral council, held his first news conference on Tuesday 29 December to explain the material and logistical problems of the council. The president mentioned that the council's premises deserve some repairs. They do not have electricity when they need it, nor do they have the money to begin working. Despite everything, (Saint-Phard Line) explained that the elections will be held regardless, and invited the candidates as well as the political parties to send their lists of representatives to the BIV's (for the electoral council).

Political Parties Oppose Legislative Elections

FL0401232193 Port-au-Prince Radio Metropole in French 1700 GMT 4 Jan 92

[Text] The National Congress of Democratic Movements, CONACOM, is opposed to the holding of senatorial elections and is calling for a compromise between the Army and the ousted government to find a lasting solution to the political crisis. The CONACOM proposes the formation, as soon as possible, of a national concord commission, including representatives of the ousted president, representatives of the Army, representatives of parties or coalitions in parliament that favor the return of democracy, and representatives of the parties opposed to the return of the ousted president. This commission, added CONACOM, would have the moral support of the Catholic and Protestant churches, as well as the technical support of the international community, experienced in these types of agreements.

Six other political parties—MDN [Mobilization for National Development], MKN [National Cooperative Action Movement], PARADI [Haitian Party of God], PAIN [National Agricultural and Industrial Party], MODELH/PRDH [Democratic Revolutionary Party of Haiti], and MOP Bel-Air [Movement for the Organization of the Country]—issued a statement of common policy opposing the holding of the upcoming partial legislative elections. These parties invite the country's decisionmakers to take into account the insignificance of the Villa D' Accueil Accord, which is unable, according to them, to serve as grounds for running a government equipped to face the crisis.

They say the current government must be replaced by a formula that conforms with the rule of right. These parties are calling for the cancellation of the process that led to formation of the assemblies, Electoral Council, and state. They refuse to participate in elections held under the current Electoral Council, which they consider illegal.

St. Vincent and Grenadines

CANA Reviews Issues of 1992

FL0201164693 Bridgetown CANA in English 1617 GMT 2 Jan 93

[By Corlita Ollivierre]

[Text] Kingstown, St. Vincent, Jan 2, CANA—For St. Vincent and the Grenadines, it was a year of multi-million dollar projects. 1992 was also a year that saw deep concern about the future of the banana industry, main pillar of the economy of St. Vincent and the Grenadines. Bananas had earned EC 89,428,000 dollars (1 East Carib [EC] dollar = 37 U.S. cents) up to last December 2, from exports of 68,823 metric tons. This compares with earnings in 1991 of EC 95,802,000 dollars.

At the start of 1992, industry officials were expressing fears about the retention of preferential access to the United Kingdom market as Europe geared for a dismantling of trade barriers. They warned the industry in the Windward Islands could collapse in the face of heavy competition from the cheaper "dollar" bananas of Latin America.

Doubts and fears were not eased by complaints that the quality of fruit St. Vincent and the Grenadines earmarked for export was below-standard. Farmers sought to determine for themselves the conditions existing at the market place and assess the extent of the competition.

They charged that the government in Kingstown, which was undertaking periodic lobbying exercises in Europe with other governments from the Windward Islands, was failing to provide them adequate information and was even seeking to hide some of the issues from them.

Lobbying efforts, which the Windward Islands Farmers Association undertook with assistance from non-governmental organisations in the United Kingdom,

were supplemented by fact-finding missions and educational sessions for farmers. Opposition parties charged that government failed to act on information it had at its disposal since the mid 1980's, and waited until a crisis situation loomed before acting.

On the political scene, the main opposition St. Vincent Labour Party elected a new leader at what had been described as the most critical convention in the history of the near 40-year-old party. Lawyer Stanley John replaced Vincent Beache, who, at the last moment, opted to stay out of what would have been a three-man leadership race. During the pre-convention build-up, Beache was practically discarded by many party stalwarts who saw him as incapable of providing the positive, robust image which the party needed to boost its standing and pose a serious alternative to the ruling New Democratic Party [NDP] of Prime Minister James Mitchell.

Hopes were buoyant that the two opposition parties would seriously enter into dialogue with a view to formally cementing an accomodation to challenge the NDP which holds all 15 parliamentary seats. However, the general view now is that the Movement for National Unity of Dr. Ralph Gonsalves and the labour party seem bent on taking their chances separately in general elections due here in 1994.

Within the government, a minor cabinet re-shuffle was undertaken in February. This saw the creation of a new ministry and the re- assignment of the foreign affairs portfolio which Mitchell had held. Johnathan Peters, a former minister in the prime minister's office, was elevated to head the new Ministry of Trade and Consumer Affairs. Herbert Young, former tourism minister, was re-assigned to the Ministry of Tourism and Foreign Affairs. Stephanie Browne, elected to Parliament in 1991, joined Mitchell in his ministry and was given responsibility for the Grenadines affairs portfolio.

Three multi-million dollar infrastructural projects were opened in 1992. Two of these, a five storey government administrative centre and a new headquarters for the government-owned National Commercial Bank were constructed from government funds. Opposition parties questioned government's priorities in constructing such elaborate structures at a time of high unemployment and economic down-turn. They also rejected the 16 million dollar figure given as the cost of constructing the administrative centre charging the true figure was nearer the 20 million dollar mark.

The most elaborate government infrastructural project was an EC 52.3 million dollar airport on Bequia, the largest of the Grenadine islands. Built as a regional project with financing from the European Community, the airport opened Bequia to aircraft traffic for the first time and provided new challenges for tourism on which the island is dependent. The project was the first to be financed as a regional one from funds provided under the Lome III Trade and Aid Pact between the European Community and African, Caribbean, and Pacific states. The impressive opening ceremony was witnessed by several regional heads of governments and senior officials from the European Community and Caribbean institutions.

Named after Mitchell, who has represented the island as part of the Grenadines constituency in Parliament for more than 25 years, the J.F. Mitchell Airport was opened on May 15, Mitchell's birthday. The airport was generally welcomed by the opposition parties here.

Not so government's latest major undertaking—an EC 200-million dollar beach front project at Ottley Hall, a stone's throw from the capital, Kingstown. The scheme is being undertaken jointly with Italian investors, with the Italians owing 51 per cent of the shares in the company set up to undertake the project. The deal involves establishment of a luxury yacht yard, marina, and ancillary facilities. It will provide employment, initially, to 40 Vincentians.

The project has drawn fire from the opposition parties here. They complain of the government's guarantee of a loan for EC 135 million dollars for the project, the conferring by Parliament of what has been described as sweeping powers on Mitchell to undertake whatever negotiations he thinks necessary with regard to the project and the failure by government to provide details about the agreement to Parliament so they could be perused by the public. They are also opposed to the deprivation of Vincentians of the Ottley Hall beach for 99 years in the first instance.

Parliamentary approval for the project to proceed came by way of retroactive legislation—a move criticised by oposition parties. Work which began in November is continuing on the project. So is political opposition to it.

At the start of the New Year, the government presented an EC 274 million dollar budget with adjustments included to the recurrent revenue to cater for repairs to roads severely damaged by recorded heavy rains in November, 1991. Damage to infrastucture from eight days of rain last November is expected to again run into several million dollars. The rains, which claimed three lives, also left nine families homeless and caused huge losses to business houses in the capital, Kingstown.

Government Secretary Gutierrez Barrios Resigns

PA0401201193 Paris AFP in Spanish 1922 GMT 4 Jan 92

[Text] Mexico City, 4 Jan (AFP)—The Mexican Interior Secretariat told AFP that on 4 January Interior Secretary Fernando Gutierrez Barrios resigned from the post he has held since the beginning of President Carlos Salinas' administration in December 1988.

According to radio reports, President Salinas appointed Jose Patrocinio Gonzalez, 58, current governor of Chiapas State, as Gutierrez Barrios' replacement.

The secretariat added that Gutierrez Barrios, 65, sent the president a resignation letter stating that life had taught him the importance of "knowing when to step down."

Salinas Appoints New Secretary

PA0501040193 Mexico City XHTV Television Network in Spanish 0200 GMT 5 Jan 93

[Text] President Carlos Salinas de Gortari on 4 January appointed Mr. Patrocinio Gonzalez Blanco-Garrido, governor of the State of Chiapas until now, as new government secretary. He replaced Mr. Fernando Gutierrez Barrios.

In his resignation letter addressed to President Salinas, Gutierrez pointed out: Life taught me the important thing for human beings, and especially a politician, is to know to depart on time; depart with dignity, decorum, and the peace of mind of having complied with his responsibility and given the best of himself.

On the afternoon of 4 January President Salinas installed Patrocinio Gonzalez Blanco-Garrido as new government secretary:

[Begin Salinas recording] Ladies and gentlemen, on 4 January Mr. Fernando Gutierrez Barrios asked me to accept his resignation as government secretary. In doing so, I wish to recognize Mr. Gutierrez' good performance in the lofty responsibility he was assigned. He has served the state and Mexico with the complete dedication and prestige of a loyal public servant. The work performed by him over the past four years has contributed greatly to the creation of the climate of harmony that the country is experiencing now. He always acted with dignity, decorum, and loyalty. He has thus complied with his responsibility because he gave Mexicans the best of himself. I thank Mr. Fernando Gutierrez Barrios for his dedication and voice my recognition for the fruits of his work. He will always be esteemed and respected by the president of the republic.

On this day I appointed Patrocinio Gonzalez Blanco-Garrido as government secretary. He was governor of the State of Chiapas until now. He is a prominent lawyer and politician. I called him to assume the main responsibilities of this secretariat, to ensure the strict legality of political acts and procedures at the federal level, to help strengthen with efficiency and firmness the country's political stability—which is something Mexican society values very highly—and promote the important ongoing process of expanding liberties and building paths to advance national democracy.

Mr. Patrocinio Gonzalez Blanco-Garrido assumes his new post as the Congress of the State of Chiapas granted him permission to leave the governorship of that federal institution. I welcome Patrocinio Gonzalez Blanco-Garrido as government secretary. Thank you very much, Mr. Fernando Gutierrez Barrios. Thank you, Patrocinio Gonzalez Blanco-Garrido. Thank you very much. [end recording]

Parties Take Over Mayors' Offices in Michoacan

PA3112194792 Mexico City XHTV Television Network in Spanish 0200 GMT 31 Dec 92

[Report by Eliseo Caballero Ramirez]

[Text] Municipal office takeovers by political parties that lost the 6 December elections continue in Michoacan State. Four political parties have already taken over 23 mayors offices less than 48 hours before the winning candidates are sworn in.

There was violence in Purepero Municipality, where Institutional Revolutionary Party [PRI] followers tried to take over the mayor's office. Clashes ensued, leaving 20 people injured, some with stab wounds. State Judicial Police had to intervene to quell the unrest in Purepero.

The Party of the Democratic Revolution has taken over 17 municipal offices; the PRI, four; the Cardenist Front for National Reconstruction Party, one; and the National Action Party has staged a demonstration in Zamora Municipality. Michoacan State Governor Ausencio Chavez called for harmony by all party followers and said his government is making an effort to resolve postelection conflicts peacefully. New mayors are to take office on 1 January in the 113 municipalities of Michoacan State.

The Pureparo Municipality confrontation was the first violent act following the elections in Michoacan State on 6 December.

El Salvador

Assembly Vice President Urges Armed Forces Purge

PA0401223593 San Salvador Radio Cadena YSKL in Spanish 0000 GMT 4 Jan 93

[Report by Balmore Parada]

[Text] Ruben Zamora, Legislative Assembly vice president, said if the Armed Forces are not purged, the peace agreements signed between the government and the Farabundo Marti National Liberation Front [FMLN] will be useless. The legislator added that the FMLN and government have discussed the purging of the Armed Forces. He said the general order issued on 31 December by the Armed Forces does not comply with the Ad Hoc Commission recommendation to purge over 100 officers.

Ruben Zamora said he objected to the last general order of changes within the Armed Forces, which includes the removal of over 100 officers, as established by the Ad Hoc Commission. The Ad Hoc Commission recommended the dismissal of 116 high-ranking officers, many of them generals and colonels. Nevertheless, the general order of changes within the Salvadoran Armed Forces, to take effect on 1 January, only refers to colonels. Zamora, also leader of the leftist coalition, Democratic Convergence, said President Alfredo Cristiani is not complying with the peace agreements signed in Chapultepec, Mexico at the beginning of 1992. Here is what Ruben Zamora said:

[Begin recording] [Zamora] The general order presented by President Cristiani does not comply with the Ad Hoc Commission's recommendations. There are approximately 115 proposed changes and only three appear—three low-ranking Armed Forces members who are being discharged from the institution.

In other words, the president is not complying with his commitment to the country and the United Nations. This is very serious because [words indistinct] the surrender of weapons by the FMLN hinges on a purge of the Armed Forces. If people recommended to leave the armed institution remain, a peace process makes no sense.

I would say that as we end a conflictive year, the first step of this government in the new year was not only unfortunate but is a real setback in this peace process.

[Parada] Dr. Zamora, there are strong rumors of negotiations between the FMLN and the government and the high command.

[Zamora] I insist on the same position I have maintained: The list of recommendations presented by the Ad Hoc Commission is not negotiable. It is one thing to work out an agreement on the procedure to be followed, but it is another for members to remain in the institution who the Ad Hoc Commission has suggested leave. That matter is not negotiable. When they signed the Chapultepec Agreements they made a commitment to the nation and the world, and they cannot change that.

Thus, that issue is not negotiable and I have maintained this position, and as far as I know, the FMLN had already said privately and publicly it would not negotiate any Armed Forces members on the list.

[Parada] It was also known in New York that President Alfredo Cristiani on 5 January will send two government representatives to clarify why the full list of officers was not included in the 31 December general order.

[Zamora] I think this makes no sense. The problem is this: President Cristiani is like a child whose parents told him to take a bath, but he refuses to do so. He is trying to avoid taking it. Cristiani is doing that. I do not think this helps in any way. It only brings more instability to the country. I think the correct attitude on the part of the president would be to honor his word and comply with the commitments he signed in Chapultepec to help the country move forward instead of stalling and causing a crisis, as is the case now simply because he does not want to assume his historic responsibility and honor his own word. [end recording]

The United Nations on 2 January urged President Cristiani to honor the commitments of the recent peace agreement. The United Nations showed its disagreement with the general order and noted a lack of changes within the Salvadoran Army. It urged compliance of the pending peace agreements regarding judicial reform, because a new judicial service law and reforms to the Supreme Court basic law are still lacking, Ruben Zamora pointed out. The electoral reform process, which was recently approved by the Legislative Assembly, still needs to be completed and implemented, and as expected, published in the official organ.

Parties React to Changes Within Armed Forces

PA0501024893 San Salvador Radio Cadena YSU in Spanish 1800 GMT 4 Jan 93

[Text] On 4 January, the National Conciliation Party, PCN, defended President Alfredo Cristiani's decision to sign a general order making changes within the Armed Forces.

On 31 December, President Cristiani decided to replace the commanders of eight military garrisons but left the top Army command intact despite recommendations by an ad hoc commission. This commission had been created to evaluate more than 1,000 officers accused of abuses and grave violations to human rights.

PCN Secretary General Ciro Cruz Zepeda stressed that Cristiani's compliance with the peace agreements is satisfactory.

[Begin Cruz Zepeda recording] The work done by the president in compliance with the agreements is praiseworthy. The United Nations and the government's adversaries and political enemies have admitted that Cristiani faithfully complied with the agreements. Perhaps not as rapidly as some expected, but when one makes an assessment it can be established that the president complied with the agreements. Cristiani received a vote of confidence and it can be seen in the messages and speeches given at the International Fair, including that of Shafik Handal who praised the president's work. Therefore, the PCN, as a political party, will give a vote of confidence to the president so that he, within the time he feels pertinent, can carry out the Ad Hoc Commission's recommendations. We should not limit the president's actions. [end recording]

At a news conference, top PCN leaders added that there can be no public political trial because they do not know the procedures that the Ad Hoc Commission adopted to draft a list of the officers who are involved in human rights violations.

Deputy Rafael Machuca of the PCN leadership said that he has doubts about the implementation of the procedures suggested by the commission, a product of the peace agreements.

[Begin Machuca recording] The commission has a procedure that is preestablished in the agreements. What we do not know is whether the commission applied the procedures that it must apply in the evaluation of the Army members or not. Since we do not know about the real implementation of the procedures, the final judgment or final result of the commission cannot be assessed because it could mean that it is in line with the agreements or that it is not [words indistinct] [end recording]

Meanwhile, retired Colonel Sigifredo Ochoa Perez, a deputy of the Nationalist Republican Alliance, disagreed with the president's decision.

[Begin Ochoa recording] I am surprised because I, as a professional soldier, feel that people who carry out orders, are merely following orders. [sentence as heard] Generally, as we say, the chain breaks at the weakest link and this is what is happening. [Words indistinct] at the top military echelons and that [words indistinct] we expected because we have not seen greater changes and with regard to this, [words indistinct] field officers who fought the Farabundo Marti National Liberation Front [FMLN] have been discharged without having [words indistinct]. [end recording]

The political opposition also expressed discontent. Immediately after the decision was announced, the former FMLN guerrillas suspended the destruction of the last lot of 50 surface-to-air missiles pending the Army purge.

The sectors that have expressed satisfaction are reportedly waiting for the next general order for personnel movements within the Armed Forces, an order that is scheduled to be issued on 6 January.

Commentary on Compliance With Peace Agreements

PA0501131893 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 4 Jan 93

[Raul Beltran commentary]

[Text] Let Salvadorans resolve their own problems. This would be the correct thing to do as many voices have been raised in protest accusing the government of President Cristiani of not complying with one of the most thorny and difficult points in the peace agreements. This point is nothing more than removing more than 100 high- and low-ranking officers in accordance with the agreements and the recommendations made by the Ad Hoc Commission. That was part of the peace agreements. No one invented it or included it capriciously.

Many people say the government has not complied with the agreements. For that reason a delegation has traveled to the United Nations to explain the mechanism the government will follow to demobilize or remove at least 100 high-ranking officers, ranging from lieutenants to generals.

In any event, people should be kept informed because we hide nothing from anyone. We must report things as they occur. There has been an uproar in the past few hours within the Armed Forces because many mid-level officers have said they received orders from the top. The problem is in the hands of the commander in chief of the Armed Forces, the constitutional president of the Republic. We hope a solution can be found to this new ghost, to this new problem that has emerged in the country's political life, for everyone's sake and tranquillity.

We would like to remind each and everyone that the country's institutionality is guaranteed by real and powerful friends of El Salvador. To those who believe they can use tricks to scare anyone, we must say this: The United States of America is unconditionally supporting President Cristiani's measures and determination. He will faithfully comply with the agreements, according to reports from high government sources. People should remain calm and vigilant, because guaranteeing compliance with the peace agreements is everyone's responsibility.

On 5 January political parties through the National Commission for the Consolidation of Peace [Copaz], will try again to silence the media, which has also raised an outcry regarding the so-called Electoral Law that seeks to establish the schedules and language that must be used in propaganda during the electoral campaign.

We only want to tell the people of Copaz that a society without free media is a society whose hands are tied, which, therefore, has a right to rebel. Look at yourselves

reflected in the mirror of the past, members of Copaz, because what may be old evils to some people are new for others.

FMLN Leader Downplays Importance of FRS Communique

PA3112211892 San Salvador Canal Doce Television in Spanish 0300 GMT 31 Dec 92

[Report by Alfredo Villarreal]

[Excerpt] [Passage omitted] Nidia Diaz, former commander of the Farabundo Marti National Liberation Front [FMLN], has downplayed the importance of a communique issued by the Salvadoran Revolutionary Front [FRS], which accuses FMLN leaders of being traitors for having signed a cease-fire agreement with the government. They might even be deserters who are trying to hinder the political process on which the FMLN has embarked, Diaz said.

[Begin Nidia Diaz recording] Sometimes I wonder whether they are deserters or traitors who used to belong to the FMLN or whether they are engaged in a political war which seeks to undermine the FMLN's credibility and strength in the future. The reason is that many sectors trust the FMLN as a new force which, although it has not had a chance to participate in the government as yet, could lead the country into a new political culture, without demagoguery. Thus, they want to undermine the FMLN reputation from now. [end recording]

Diaz added that the demobilization of the Armed Forces leaves room for the creation of destabilizing groups.

[Begin Diaz recording] [Words indistinct] the finance police have gone through a process of reducing the rapid reaction battalions. There is also the purge of the Armed Forces, which contributes to the process of demilitarization and reform of the Army. There are sectors that are not happy about this and they may form these groups seeking to undermine the FMLN's future prospects. [end recording]

The so-called FRS emerged in the wake of the Chapultepec agreements and is considered to be an ultraleftist group. However, others believe it may be a rightist group.

Honduras

General Avila Soleno Appointed Defense Minister

PA0501042693 Tegucigalpa Radio America in Spanish 2134 GMT 4 Jan 93

[Report by correspondent Rodolfo Colindres]

[Text] General Lazaro Avila Soleno was just appointed defense minister. Attention, listeners: Radio America confirms that this will be his last position in the Armed Forces. Gen Avila Soleno has been sworn in as new defense minister. He has said this will be his last position in the Armed Forces.

Cabinet Members Reportedly Tender Resignations

PA0401192993 Mexico City NOTIMEX in Spanish 1758 GMT 4 Jan 93

[Text] Tegucigalpa, 4 Jan (NOTIMEX)—It has been reported here that members of President Rafael Leonardo Callejas' cabinet on 4 January began presenting their resignations as the current administration enters its final year.

Finance Minister Benjamin Villanueva and Mauro Membreno, communication and transportation minister, presented President Callejas with their resignations on 4 January. The other ministers will follow suit throughout the day.

Local press reports indicated that the president requested the resignations of the main officials last week, and some ministers have reportedly already presented them.

It was learned in Tegucigalpa that at the very least President Callejas will accept the resignations of those ministers who make up the so-called economic cabinet: Finance Minister Benjamin Villanueva, Economy Minister Ramon Medina, and Central Bank President Ricardo Maduro.

There are also persistent rumors of the imminent departure of Federico Breve, manager of the National Enterprise for Electric Power, as a result of pressure from ruling party presidential candidate Oswaldo Ramos Soto.

Government house sources indicated that the president will announce confirmations and new appointments of his cabinet members in the course of this week.

Government Announces Increase in Social Expenditures

PA0501031493 Tegucigalpa EL HERALDO in Spanish 4 Jan 93 p 3

[Text] In light of criticism of the microeconomic adjustment measure's limited scope and the beginning of an election year, which the current nationalist administration is not ready to loose, the Finance and Public Credit Ministry has announced public social investments worth 2.125 billion lempiras for 1993 alone.

Minister Benjamin Villanueva said employment has increased with the creation of 120,000 jobs during 1992 and an increase in construction, a sector which employs the greatest number of workers in the country.

He said that the government has created a ambitious public investment plan, including 1.456 billion lempiras to improve infrastructure and 533 million lempiras for

social programs. This amount is 56 percent higher than the 1992 budget of 359 million lempiras.

Although the social impact has not been very beneficial for the general population, Villanueva said the government has not abandoned its main obligation: infrastructure, public works, and social programs, the latter having increased considerably by 25 million in comparison with 1992.

This investment will come from the nonfinancial government agencies such as the National Enterprise for Electric Power, the National Autonomous Aqueduct and Sewage Service, the Honduran Telecommunications Enterprise, and the National Port Enterprise. These corporations will carry out investments worth 839 million lempiras, which is a 32.38 percent, 205 million lempira increase over the 1992 budget of 634 million lempiras.

Meanwhile, autonomous service institutions such as JUPEM [expansion unknown], the Teachers' Social Security Institute, and the National University will invest 293.6 million, which is 112 million more than last year's 181 million lempiras.

Nevertheless, the largest investment will be that of the central government. Here there will be an 861 million lempira increase, which is a 84.92 percent increase compared to 1992. This means an increase of 395 million, as the 1992 budget included 465 million lempiras.

Funds to be used in infrastructure investments—which include transportation, communications, energy, and urban development—will total 1.456 million; 557.3 million more than 1992, when only 898 million were budgeted.

The government will also make direct investments in social, health, education, and housing programs during 1993, worth 533.1 million; a 125 million increase (30.85 percent) compared to 1992, when only 404.4 million were spent.

Finally, the current administration plans to use 131 million lempiras on public production investments in agriculture, forestry, and tourism during this year. This is a 77.7 percent increase over the 1992 budget of 53.3 million lempiras.

Nicaragua

Sandinist Bloc To Have Majority in Assembly

PA0501044693 Managua Radio Corporacion in Spanish 2200 GMT 4 Jan 93

[Text] Domingo Sanchez Salgado, the Sandinist bloc's biggest usurper, a Communist and deputy for the Sandinist National Liberation Front, FSLN, held a news conference at 1200 [1800 GMT] on 4 January. He said the Sandinist bloc will have a majority in the new legislature of the National Assembly to be installed on Sunday, 10 January, because 39 FSLN deputies and eight treacherous buccaneers will make a legal quorum of 47 parliamentarians, while the deputies of the National Opposition Union, UNO, will be the minority group.

Hence, the members of the Sandinist bloc will become the supporters of the government of Violeta Chamorro, which will no longer be a government of the UNO, but of the defeated FSLN.

Therefore, UNO legislators elected by the people will not participate in the election of the new board of directors of the Chamber of Deputies. They feel that the call made by the president for 9 January is not legal, because the only one legally entitled to call the deputies to a meeting is the assembly's current president, in this case Alfredo Cesar Aguirre, whose term ends on 9 January 1993.

UNO Deputies, Mayors Issue Communique on Assembly

PA0401215893 Managua Radio Catolica in Spanish 1100 GMT 4 Jan 93

[Text] An important meeting was held on 2 January at 1100, where more than 40 Nicaraguan mayors, a large number of councilmen, and 14 deputies analyzed the serious situation in the nation. The mayors fear municipal autonomy will be curtailed and a commission led by Deputy Eli Altamirano told the mayors immediate action had to be taken. After an extended debate, the following communique was signed by all the mayors and the deputies who met on 2 January in Dario City. The communique reads as follows:

The undersigned National Opposition Unity [UNO] mayors and councilmen freely elected by the people want to make known to the Nicaraguan community and to the world the following:

1. The balance of powers constitutes a basic and fundamental principle of democratic regimes and of a true state of law.

2. The Legislative Assembly, in light of its election by the community, is the true representative of the people's will.

3. The causes of the conflict we are experiencing is due to an unrestrained desire for power and an eagerness to submit the Legislative Assembly to the Executive Branch.

4. The concentration of power in a few hands, the elimination of independence of the branches, and the real risk to municipal autonomy is a serious danger to Nicaragua's peace.

Therefore we agree to:

1. Strongly condemn the coup against the Legislative Assembly.

2. Reject the Sandinists' attempt to take by assault the Legislative Assembly Board of Directors.

3. Establish the treason of the so-called center group's autonomy, whereby they will be censured. In addition, we reject all action that this group takes in response to the executive and the cogovernment's interests.

4. Support the UNO candidates to the Legislative Assembly Board of Directors and their right as a majority, granted to them by the people in the February 1990 elections.

5. Demand the political parties with members on the cabinet to undertake their resignation from their posts.

6. Carry out demonstrations and movements by the people in support of the people's legitimate representatives.

[Issued] Dario City, 2 January 1993

UNO, Church Leaders Discuss Legislative Situation

PA3112175192 Managua Radio Corporacion in Spanish 2200 GMT 30 Dec 92

[Text] His Eminence Cardinal Miguel Obando y Bravo met with prominent leaders of the National Opposition Union, UNO, at the archbishopric on the afternoon of 30 December. Obando y Bravo said all Nicaraguans can do is pray to God that the crisis does not worsen, because the poor will undoubtedly be the ones who suffer the consequences.

National Assembly President Alfredo Cesar spoke with Cardinal Obando y Bravo and other members of the Curia on the night of 30 December. Cesar pointed out that the current situation has been worsened by the executive's belligerent attitude. Monsignor Bosco Vivas Robelo, bishop of Leon Diocese, said all priests, as churchmen and Nicaraguans' spiritual guides, urge the people to pray because no one knows what consequences the recent executive decisions will have for the country. Vice President Virgilio Godoy and Managua Mayor Arnoldo Aleman Lacayo also attended the meeting with Cardinal Obando y Bravo and several UNO leaders.

Archbishop Says Government Should Promote Truce

PA0401172993 Managua Radio Nicaragua Network in Spanish 1100 GMT 4 Jan 93

[Interview with Archbishop Miguel Obando y Bravo by unidentified reporters in Managua on 3 January—recorded]

[Excerpt] [Obando y Bravo] This is my own opinion, that does not mean there cannot be other opinions, there could be several opinions. In my opinion, we must obtain a truce. Nevertheless, one must specify exactly the conditions of that truce. I see it as positive if that truce means the interests of the Nicaraguan nation would come before the interests of political parties. It would be a good idea for the government to make an effort to implement social programs aimed at helping the most needy. I do not know how this would be implemented. [word indistinct] government does not want to take the first step. I believe the government, which is commanding the nation, has to take the first step. It must summon all the confronting parties to engage in a dialogue aimed at reaching a consensus for the well-being of the nation. We must save this ship because I believe if it sinks, we will all sink with it.

[Reporter] During your 1 January homily you said something very important. You said the constitutional order of the nation had been broken. How would the nation's economic crisis be affected if the current constitutional or political crisis is not overcome?

[Obando y Bravo] [words indistinct] This is my opinion. I do not know if it is valid. I hope a formula is found to overcome this crisis. It is the lay people who should be thinking about this [words indistinct] politicians, reporters. I believe this will affect us economically because we give the impression we are a divided, unstable nation. According to economists, all of this affects us. I am not an economist, but I deal with all kinds of people—peasants, workers, and economists. I am a [word indistinct] I am not an economist. Nevertheless, I deal with economists, who say we are producing at the same rate as three years ago, but the population has grown. If we do not receive aid, we will be facing serious difficulties. I believe we must produce, but we also need aid from friendly nations. To achieve this we must overcome the crisis we are experiencing. [passage omitted]

Panama

Endara on Role of U.S. Ambassador Hinton

PA0301214293 Panama City LA PRENSA in Spanish 3 Jan 93 p 2-A

[Report by Manuel Alvarez Cedeno]

[Text] President Guillermo Endara has said that U.S. Ambassador Deane Hinton has "never meddled in the internal affairs of Panama or my government."

Hinton has been accused by Christian Democratic Party and Democratic Revolutionary Party legislators, and by other local politicians, of meddling in the country's internal affairs by making statements about the economic and political situation in Panama.

The U.S. diplomat said in December 1992, during a meeting with the American Chamber of Commerce, that drug trafficking is a threat to Panama. Hinton's statements triggered reactions from several opposition figures.

Asked about this recently, President Endara said he had not read Hinton's speech, but added that the diplomat does not meddle in the country's internal affairs.

The Panamanian leader said that "up to now, I believe Hinton has been very respectful of the country's sovereignty and I believe he has never meddled in the internal matters of my government."

Relations between Panama and the United States reached their lowest level at the beginning of the crisis between General Manuel Noriega and the U.S. Administration in 1987.

But after U.S. troops invaded Panama in 1989 and overthrew Noriega, relations between the two countries became "cordial," according to officials of the two administrations.

Comptroller General Reacts to Cruz Remarks

PA0401202793 Panama City EL SIGLO in Spanish 4 Jan 93 p 12

[Report by Yali Enrique Pitti; quotation marks as published]

[Text] Comptroller General Ruben Dario Carles described the recent statements by former Attorney General Rogelio Cruz as political "blackmail" and publicity seeking. Cruz urged the Legislative Assembly to investigate the deeds and omissions of the comptroller general.

Visibly bewildered after hearing about Rogelio Cruz' request to the Legislative Assembly, Carles again suggested that the former attorney general put aside his "publicity maneuvers" and explain to the Panamanian people why he released dirty money from drug trafficking.

Carles said the former attorney general insists on diverting attention at a time when serious complaints have been filed against Cruz due to his alleged release of over $38 million from accounts believed to belong to individuals linked to the various drug cartels.

"Rogelio Cruz, an individual who is under suspicion, cannot level accusations against me," said Carles, adding that he is willing to supply Attorney General Jorge Ramon Valdes and the Legislative Assembly with all the information they require regarding his work as Comptroller General of the Republic, because "there is nothing at that institution that would prompt any legal action.

Carles explained that the issue of the handling of supplementary funds or management funds (fondos de gestion), which former Attorney General Cruz requested be investigated by the Legislative Assembly, were subject to legal action by the Supreme Court of Justice on two occasions.

"Due to a lawsuit filed by the Childrens' Hospital Board of Trustees, the court established that all public institutions that handle management funds—resources resulting from their activities—can be administered by the institutions involved," Carles said.

He added that in the case of institutions that belong to the central government, the management funds must be incorporated into the institution through additional credits, following the procedure established by the law. Carles said that at the university, Childrens' Hospital, Institute of Hydraulic Resources and Electrification, National Institute of Telecommunications, National Water and Sanitation Institute, and other institutions that are afforded special conditions by the comptrollership, management funds are handled in the manner established by the Supreme Court of Justice.

The comptroller general warned that when Legislator Milton Henriquez (former president of the National Assembly Budget Commission) filed a lawsuit against him (Carles), the lawsuit was rejected by the Supreme Court of Justice and former Attorney General Rogelio Cruz on his own initiative decided to initiate an investigation that was never completed.

Carles said he told Cruz on several occasions that all the information he needed was at the comptrollership, but he was to state clearly and precisely what information he required so the documents would be at his disposal. Carles said there is nothing abnormal at the comptrollership because management funds are used for comptrollership activities. Cruz knows this, but he is trying to make it seem as if he is investigating to play along with certain politicians, maintain a certain degree of notoriety, and use his investigative capabilities to instill fear in others," Ruben Carles said.

Comptroller General Carles also said that given Rogelio Cruz' situation following the complaints filed against him for releasing bank accounts, he is trying to establish a connection between unrelated situations to divert the public's attention from his own case.

I could not care less about what Mr. Rogelio Cruz says or wants to investigate because the comptrollership has nothing to conceal, but Cruz must explain to the country why he released dirty funds from drug trafficking," Carles said.

Executive Branch Approves 1993 Budget

PA0301214393 Panama City LA PRENSA in Spanish 3 Jan 93 p 1-A

[Report by Manuel Alvarez Cedeno]

[Text] Second Vice President Guillermo Ford has announced that on 2 January the Executive Branch adopted the $3.4596 billion General State Budget for 1993 because the Legislative Assembly failed to discuss the subject.

President Guillermo Endara convened the Cabinet Council to approve the budget because the Assembly, which initiated its recess on 31 December, did not reach a decision in that regard.

Endara's decision is based on Article 269 of the Constitution, which states that "if the budget bill is not voted on at the latest on the first day of the corresponding fiscal year, the bill proposed by the Executive Branch will go into effect through a Cabinet Council decision."

Endara said that "since the first day of the year passed and the Assembly did not vote on the budget, the Cabinet was convened for that purpose."

The 1993 budget's execution is expected to begin as of 15 January. The budget allots $548.8 million to the payment of Panama's foreign debt.

On 31 December the Assembly ended the first legislature of the fourth period without considering the 1993 General State Budget. The Assembly's pro-government and opposition factions have accused each other of preventing a budget debate.

"In view of the fact that the Assembly did not make a decision regarding the 1993 budget, the Cabinet Council adopted the budget submitted by the Executive Branch to the Legislative Assembly," Ford said.

Article 264 of the Constitution states that the Executive Branch must prepare the general state budget bill and the Legislative Branch must examine, modify, reject, or approve it.

It has been announced that the budget bill reflects the policy of strictly meeting priority and essential expenses, in line with the government's current economic policy whereby certificates [partidas] are issued for each amount to cover the real expenses necessary to defray the cost of basic operations.

The opposition says the budget includes unspecified funds that the government will use to garner support for the 1994 elections.

Comptroller General Ruben Dario Carles said "the same people who are saying this once demanded that the budget include funds for projects and for job creation. This has been done, but now they are criticizing the move. They are the ones who are playing politics. [no end quotation marks as published]

Carles said it is the first time in the country's history that the Executive Branch has approved a budget because the Legislative Assembly failed to do so.

According to government sources, the budget includes operational and investment program expenses. Operating costs show large sums appropriated to contractor services and 13th month bonus and social security payments, which stem from special laws and the opening of new positions in the social assistance sector.

An increase from $372.4 million in the previous budget to $442 million for 1993 is the result of changes in retirement and other pension systems, as approved in the new social security bill.

"The foreign debt service payments represent a special effort on the government's part to meet its obligations with the international financial organizations. Debt service payments total $548.8 million for 1993, of which $296.6 million go to the foreign debt and $252.2 million to the domestic debt." They are included in the budget.

1993 Public Force Budget Established

PA0301210393 Panama City CRITICA LIBRE in Spanish 3 Jan 93 p 7

[Text] The 1993 Public Force [FP] budget amounts to 104,931,000 balboas. The FP is currently formed by the National Police, the National Air Service [SAN], and the National Maritime Service [SMN].

The Planning and Economic Policy Ministry and the National Legislative Assembly were in charge of approving the operations budget. They earmarked 89,375,465 balboas to the National Police; 9,265,248 balboas to the SAN, and 6,290,287 balboas to the SMN.

During the current year, the National Police will be able to invest 495,000 balboas in improvements, while the SMN will be allowed to invest 160,000 balboas in training courses.

Both departments are part of the Government and Justice Ministry, headed by Minister Juan B. Chevalier.

The national government recently put five new patrol boats in operation. The patrol boat launching was presided over by the government and justice minister.

During his speech, Chevalier pointed out that the new patrol boats will be used to combat drug trafficking, the movement of illegal aliens, and to counter other illegal activities. The boats will also be used to ensure the safety of marine resources.

The event took place at Pier 17 in the reverted area of Balboa. It was attended by several high-ranking government officials.

The United States has currently donated 5,089,000 balboas worth of patrol boats and other equipment.

Argentina

Condor-2 Components Arrive in Puerto Belgrano

PY0401151093 Buenos Aires TELAM in Spanish 1554 GMT 3 Jan 93

[Text] Bahia Blanca, 3 Jan (TELAM)—Fourteen rocket motors and other components of the Condor-2 missile, which were developed by the Air Force, are being stored at the Puerto Belgrano Navy Base arsenal where they arrived from Cordoba in a special operation. They will be shipped to Spain on 8 January aboard the Navy transport vessel Bahia San Blas.

Unofficial sources today reported here that the shipment includes 14 rocket motors, 30 airframes, and other components of the dismantled missile. They were brought from the construction site in Falda del Carmen, Cordoba Province, during a secret operation headed by Brigadier Genaro Sciola.

It was not reported when the aforementioned material arrived at the General Belgrano Navy base.

It was reported that Puerto Belgrano was chosen because the base has arsenals inside the naval area, protected from public and press curiosity, and also because it has security systems.

The unofficial sources indicated that the missiles were transported at very low speeds to prevent bumps and constant motion from heating up the plaster [argamasas] of the rocket motors, which is highly explosive and dangerous. [sentence as received]

Apparently, no one noticed the special trucks carrying the containers.

The Condor-2 remnants, in special refrigerated containers, will reportedly depart the Puerto Belgrano Navy base on 8 January for an undisclosed Spanish port.

Officials from the National Space Activities Commission and Spain's National Institute for Aerospace Technology, and inspectors from the International Missile Club will reportedly witness the departure.

The dismantling of the Condor-2 project was ordered by the executive branch in May 1991, complying with an aerospace disarmament program requested by the United States.

Brazil

Collor Receives Notification To Submit Defense

PY0501010293 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 4 Jan 93

[Excerpt] Former President Fernando Collor today received notification from the Supreme Federal Court [STF] to submit his defense in the trial where he is accused of passive corruption and organizing gangs.

The notification was handed over to former President Fernando Collor and his former secretary, Claudio Vieira, at 1001 by acting STF Director Jose Julio Reis. This means that as of now they will no longer be able to leave the country without first notifying the STF.

The trial's second stage will begin with the presentation of the defense by the former president's lawyers within a 15-day period beginning 1 February, if all those included in the trial are notified.

Fernando Neves, lawyer for the former president, said Fernando Collor will argue in his defense that the Senate had lost all competence to try him. He added that part of the defense that already was submitted to the court will be included in this process as well. [passage omitted]

Court Rejects Request for Habeas Corpus

PY0501011493 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 4 Jan 93

[Text] Acting Supreme Federal Court President Sepulveda Pertence rejected a request for habeas corpus submitted by lawyer Pedro Calmo Mendes on behalf of former President Fernando Collor de Mello.

The request was submitted against the Senate decision that suspended the former president's political rights for eight years. In his ruling, Pertence also rejected any further pursuit of any other proceeding that can only be obtained when decided by the Supreme Court plenum. [sentence as heard]

Chile

Pro-Pinochet Political Party To Register

PY0401145693 Santiago Radio Chilena Network in Spanish 1000 GMT 4 Jan 93

[Text] A new political party will register today with the Electoral Service under the name of National Liberation-Patriotic Action, APU [Liberacion Nacional-Accion Patriotica APU]. The president of this new party is Gonzalo Townsend Pinochet, a nephew of the Army commander in chief, General Augusto Pinochet Ugarte.

APU is based on the Pinochetist Unitary Action [Accion Pinochetista Unitaria], which was established to examine the actions of the military regime.

APU leaders have said this will be the only party devoted to praise the actions of the previous military regime.

The registration of the new political party at the office of the Electoral Service will be made by the members of APU national executive board.

Colombia

Authorities Move EPL Chief to Barranquilla

PA0501041493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 4 Jan 93

[Text] Humberto Javier Callejas, head of the dissident Popular Liberation Army, EPL, is currently in Barranquilla. The authorities decided to transfer him from Cartagena, where he was arrested a few hours ago. Callejas is being questioned at the Barranquilla Prosecutor's Office. Meanwhile, the government is gathering all the charges against him in the rest of the country. So far, it has been reported he will be tried for rebellion and he is being investigated in Cucuta for extortion and kidnapping, as well as for killing former Minister Argelino Duran Quintero.

Escobar Reportedly Gives Conditions for Return

PA0501040693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 4 Jan 93

[Text] There was talk today about a return of Pablo Escobar to Colombian justice. The conditions for his return to prison were disclosed through a letter that Escobar allegedly sent to three Antioquia personalities.

In the letter, Escobar asks not to be sent to the top-security prison in Itagui where his lieutenants are being held. Instead, he asks to be taken to a jail located in La Estrella municipality near Itagui.

The drug trafficker is also requesting the transfer of his trusted men to the same jail.

Ecuador

Ties Established with Czech, Slovak Republics

PA0401152093 Quito Voz de los Andes in Spanish 1100 GMT 4 Jan 93

[Text] The Ecuadoran Government established relations with the new Czech and Slovak Republics as of 1 January 1993.

The Foreign Ministry has announced that Ecuador will support those countries' admission to the United Nations at the General Assembly meeting. The Ecuadoran Government has publicly expressed its satisfaction with the process whereby the Czech and Slovak Federal Republic was divided into two new republics.

Paraguay

Army Corps Denies Reports of Changing Records

PY0501001593 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2305 GMT 4 Jan 93

[Text] The 1st Army Corps released a communique this afternoon. The document says the content of articles published in ABC COLOR and NOTICIAS on pages 3 and 8 today entitled, Report Indicates That Cavalry Is Changing Electoral Records and Electoral Records Transfer Reported, are totally false.

The document adds that the Armed Forces unit is regularly fulfilling its role within the framework of military laws and regulations.

The communique says this remark obviously dismisses the possibility that the unit diverted its time yesterday and today to perform activities outside its responsibilities.

The communique says the articles in question mention ill-intentioned remarks that might impel people into believing what the articles mention.

But these remarks are emphatically denied because they are false. The document concludes that such commentaries cannot contribute to the pacification of feelings that is our patriotic task at this moment.

The communique concludes by saying that the clarification of the fanciful and ill-intentioned reports disseminated by the newspapers is a deserved homage paid to public opinion.

The communique is signed by Major Victor Maldonado, 1st Army Corps public relations chief.

Electoral Records Taken to First Army Corps

PY0401175893 Asuncion NOTICIAS in Spanish 4 Jan 93 p 8

[Text] Julio Cesar Vera Caceres, a member of the [presidential pre-candidate Luis Maria] Argana Movement, yesterday reported that the electoral records of the Colorado Party elections were reportedly taken to the 1st Army Corps to conduct the official tally.

Vera Caceres said that this maneuver was reportedly carried out by members of the party's official line and progovernment members who claimed that this move was implemented to enable a careful vote count.

Vera Caceres also pointed out that members of the ticket that lost the ANR [National Republican Association] primaries continue to claim that the final tally would confirm their victory because the unofficial count was unreliable as it was largely conducted by telephone.

Vera Caceres said this maneuver was completely illegal because the Colorado Party Electoral Board alone is authorized to conduct the official vote count and to store the documents of the elections held a few days ago.

Vera Caceres said he holds the perpetrators of this maneuver responsible for the security of all the records and for any changes that might be made.

Police Communique on Guarding ANR Headquarters

PY0401170893 Asuncion HOY in Spanish 4 Jan 93 p 3

[Text] The Asuncion Police Public Relations Department yesterday issued a brief communique on the guarding of the ANR [National Republic Association, Colorado Party] executive board headquarters. The communique confirms that this measure was implemented following a petition by ANR President Blas N. Riquelme.

The communique states: "The Asuncion Police, through its public relations department, hereby informs the citizenry that, following a request by the president of the honorable ANR executive board, they have implemented measures at the ANR headquarters, seeking to protect the documents stored there."

A large police contingent arrived at the ANR headquarters on 2 January at about 2000. The group continued their guard yesterday, refusing entry to Colorado Party leaders or the media.

The police are guarding the party's executive board's offices, including access to the Party Electoral Board which is housing the electoral records, which have yet to be reviewed.

The ANR building has other accesses on 25 de Mayo Street, Cerro Cora Street, and one connecting the executive board's offices with the newspaper PATRIA's offices [on Tacuari Street].

Interior Minister Defends Police

PY0401202593 Asuncion ABC COLOR in Spanish 4 Jan 93 p 4

[Text] Interior Minister Hugo Estigarribia Elizeche stated that police troops were summoned to the Colorado Party Executive Board headquarters "just to provide protection to that board in light of the fact that the Electoral Board is there tallying the election returns from the Colorado Party primaries. The presence of the police has no other aim but to protect the board itself."

Estigarribia further stated that "it seems that this event has led some people to look after number one, and this is wrong. The police are not there to advance the interests of anybody but merely for the safekeeping of the documents that are there and are being studied by the Electoral Board." He was thus referring to the electoral records of all the Colorado Party polling stations from the capital city and the interior, records in which the votes of party members are listed.

Alluding to some of [Luis Maria] Argana's supporters, who said police raided the Executive Board on the evening of 2 January, Estigarribia noted that "we have no leanings toward raiding. Some other people do have those leanings, but we, the government, do not have such an inclination. The police are fulfilling their duty to provide protection to the building, and in no way can anybody think otherwise, unless that person is seeking to cover his tail."

He then labelled the statement made by some Argana supporters as "nonsense," and to this effect he wondered, "why talk about possible negative results if they are sure they have won. They seemingly want to cover themselves in anticipation of what might happen by stating that if there is any change in the election returns the government should assume full responsibility for it. Once the true results of the polls are disclosed—and should [Juan Carlos] Wasmosy be the winner—they then will accuse the government of ballot rigging, they will say the government ordered the raid on the Executive Board headquarters to modify the records, and so on and so forth."

Estigarribia underscored the fact that "we, nonetheless, have the foresight to tell them that the government has nothing to do with the internal affairs of the ANR [National Republican Association—Colorado Party]. The official records used for the primaries—and which are currently being studied by Electoral Board members—will speak for themselves. Let us wait until the independent Electoral Board decides on the issue and gives the final result. We have the Electoral Court of Asuncion; we have all the other competent courts. Therefore, there is no reason why we should try to alter the rule of law, and even less to cover ourselves in anticipation of a possible negative result."

Estigarribia then ruled out the possibility of a coup d'etat. He pointed out that "the rumors that have been going around are totally groundless. The transition to democracy will be carried through, and, as the president of the Republic rightly said, everybody can rest assured—and have fun in the meantime—that we will carry this process through, and that neither anyone nor anything will hinder the government from accomplishing the democratization of our country."

To conclude, Estigarribia urged Paraguayans not to lose their composure "because there is not even the slightest indication that there will be a coup d'etat or that there is somebody against whom a coup d'etat should be staged. Therefore, things are, and will continue to be, normal."

Minister Sees U.S. Communique as 'Clarification'

PY0401183993 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1510 GMT 4 Jan 93

[Text] In the opinion of Foreign Minister Alexis Frutos Vaesken, the U.S. Embassy communique on coup rumors was not an act of indifference but an act of clarification. He added that there is no chance of returning to the past.

[Begin recording, in progress] [Frutos] ...to the effect that it is an act of clarification by the U.S. Embassy, that it is not aware of a coup attempt, and that it is not participating in anything. Now, as you know, the U.S. Embassy

is visited, as the newspapers are reporting every day, by politicians from the various parties. This is perhaps why the embassy had to issue a communique to make it clear that it is not participating in any such action. We must view the communique only to this effect. I for one accept the communique only in this sense.

[Unidentified reporter] As an act of interference....

[Frutos] I am saying only that I regard it as an effort by the U.S. Government to clarify its position. Furthermore, there has been considerable agitation and widespread rumors over nothing, because I cannot see any tangible sign that could make one believe or suspect that a coup might take place. I believe everything is absolutely clear. The president of the Republic and senior military officials have already dismissed these rumors. Thus, we must rule out every possibility of a coup now that conditions are not conducive for such action. We are all thinking about the future; about a free, democratic Paraguay for tomorrow. There is absolutely no chance of returning to the past. [end recording]

Frutos today briefed President Rodriguez about his upcoming participation at the Ibero-American meeting of foreign ministers and the signing of an agreement on nonproliferation of chemical and nuclear weapons to be held in Paris, France. Frutos will also meet in Brussels with officials of the European Community to request assistance to solve the Pilcomayo River problem.

[Begin recording] [Frutos] We have already made preliminary contacts to obtain assistance in solving the Pilcomayo River problem, which would be very costly, not just from the financial but also from the technical standpoint because it will require the implementation of many projects.

[Reporter] What kind of participation will Bolivia have in this project?

[Frutos] Bolivia is expected to participate in the long term. Paraguay and Argentina are the ones which must take immediate action to prevent the Pilcomayo River from silting up, from dying. This requires urgent action. Now, Bolivia should obviously participate in finding a solution in the long term to make the river carry less sediment. The problem now requires that Paraguay and Argentina take urgent action.

[Reporter] Will Bolivia be watching what you may obtain in Brussels?

[Frutos] Bolivia will also have to participate in finding a final solution to this problem. I am now talking about the urgent action that we will have to take as soon as the water recedes to prevent the river from silting up.

[Reporter] The Argentine Government is rather reluctant, is it not?

[Frutos] I do not think so. In Montevideo, President Rodriguez and I discussed the subject with President Menem and Foreign Minister Di Tella and they expressed interest in the subject. Now, if we suspect there is reluctance on the other side, it is up to us to show good disposition. It is in our best interest to prevent the river from silting up. I believe Argentina should be interested too. Even if there were a lack of willingness—which is not the case, in my opinion—we must still go ahead and implement the projects required to prevent the silting up of the river.

[Reporter] Can we do that all by ourselves?

[Frutos] Why not? This is not a border river. It is an international river, but we have rights over it. We cannot stand idly by and watch it die. [end recording]

Political Leaders React to Communique

PY0401164993

[Editorial Report] Asuncion NOTICIAS in Spanish on 4 January, on pages 4 and 5, carries reactions by political leaders to the communique released by the U.S. Embassy with regard to the possibility of a self-coup in the country.

Domingo Laino, presidential candidate of the Authentic Radical Liberal Party, PLRA, labeled the U.S. communique as "valuable" influence and a "debatable issue." Laino said that foreign pressure aimed at consolidating the democratic process "is valuable influence." Laino added: "Whether it represents intervention or nonintervention in the internal affairs of our country, we should consider this a historic moment toward democracy." Laino added: "It is not a question of whether we like it or not. The important thing is that we can continue this democratic process because there are economically powerful countries that influence the world."

Maria Victoria Brusquetti, vice presidential candidate for the National Encounter movement said: "Respecting the dignity of our people we do not accept U.S. Government interference in our internal affairs." She added that the autonomy and independence of Third World countries should be respected.

Carlos Romero Pereira, Colorado Party member, leader of the Autonomous Traditionalist Movement, and supporter of the Argana-Ybanez ticket, was surprised by the U.S. Embassy communique. He said that he was satisfied by the communique because of its positive content in defense of the transition period. He described the possibility that the communique may be considered interference in the internal affairs of our country as debatable. He indicated that the communique was released for some specific reason. He said: "Why now when it calls attention? There must be a reason."

Deputy Artemio Castillo of the Colorado Party and supporter of the Wasmosy-Seifart ticket said the communique was inappropriate and an interference in Paraguayan internal affairs. He added that the intervention of the U.S. ambassador was unnecessary. He said: "We Paraguayans are building democracy, and this is an internal affair of the Colorado Party."

Jorge Dario Cristaldo, former president of the Christian Democratic Party, said "the U.S. Embassy communique may calm the spirits of the sector which clearly lost the Colorado Party primaries, and especially for the Armed Forces—which continue to favor the Colorado Party more than their national spirit—to consider the communique in the face of any decision aimed at interrupting the transition process."

Angel Jose Burro, president of the Christian Democratic Party, said: "Both the U.S. Embassy communique and the remarks made by President Andres Rodriguez are important because it went from being a rumor to a possibility known among the people. It is possible that important people of the current government encouraged the possibility of a coup." Burro said the U.S. Embassy communique was appropriate because it was clearly aimed at groups who advocate a coup to enable them to remain in power at any cost, disregarding people's rights and sovereignty. Burro added: "This is not a national problem. I believe what is happening in the Colorado Party is being magnified."

Hermes Rafael Saguier, candidate for deputy of the PLRA, said: "The U.S. Embassy communique reaffirms that country's policy not to support coups or self-coups, and in this case it is extremely positive for those committed to democracy." He said the communique definitely does not interfere in our internal affairs due to the insistent rumors of a coup. Saguier added: "They are applying the same policy as they used with Russia and other countries. If we want aid from the U.S. Government we must adjust to certain rules of democratic coexistence."

Argana Calls Chance of Self-Coup a 'Fantasy'

PY0101122893 Asuncion ABC COLOR in Spanish 31 Dec 92 p 9

[Text] Luis Maria Argana labeled as a fantasy the possibility of a self-coup. He added that this type of rumor is only aimed at creating a war of nerves. He said: "I definitely do not believe in that." He made these comments during a meeting called by presidential candidate Ricardo Canese which was also supposed to be attended by presidential candidates Domingo Laino of the PLRA [Authentic Radical Liberal Party], and Guillermo Caballero Vargas of the National Encounter movement. The objective of the meeting was to ask for recognition of the Colorado Party primary election results.

"I heard someone talking about that fanciful possibility which I believe is made to create a war of nerves. I definitely do not believe in that," said Argana, the virtual presidential candidate of the ANR [National Republican Association, Colorado Party], when he was informed about rumors of a self-coup in our country.

Regarding the request made by the Wasmosy-Seifart ticket not to recognize the results of the ANR primary elections, he said: "I believe this is the caprice of two or three people—Juan Crisostomo Gaona, Juan Carlos Wasmosy, and Angel Roberto seifart—who do not have the posture of statesmen, people who instead of accepting—as would be done in any civilized country—the rules of the games they created now resort to tricks of pettifoggers."

Argana indicated that there are no extra party interests behind the request for rejecting the results of the primaries, and he only blamed Gaona, Wasmosy, and Seifart for it.

Argana was also asked if it is true that a group of Wasmosy supporters came to him to say they recognize the victory of the Argana-Ybanez ticket. Argana replied: "This is true. I cannot say they are the great majority but they are an important group of people and are leaders of the Wasmosy-Seifart ticket who accept the result of the primary elections, and who are ready to prepare the electoral campaign for the 9 May 1993 elections."

Argana said that the candidates of the Wasmosy-Seifart ticket who were elected to become party candidates for other positions are afraid of a second round of primary elections. He said: "The candidates for governors, senators, and deputies are convinced that if a second round of elections are held their ticket would lose more than 100,000 votes, and many of them would no longer be party candidates for those positions."

Argana was also asked what his relationship would be with the Armed Forces. In this regard he said: "We believe in the state of law and we see the role of the Armed Forces based on the constitution. We will closely adhere to the constitution on this issue."

Two of the most important presidential candidates of the opposition, Domingo Laino of the PLRA and Guillermo Caballero Vargas of the National Encounter movement, did not attend the meeting sponsored by Ricardo Canese, who said the two presidential candidates justified their absence. The meeting was aimed at releasing a joint communique calling for recognition of the Colorado Party primary election results, but the communique was not released because only Argana and Canese were present.

Ricardo Canese said that the meeting was postponed until Saturday, 2 January, at 1000, at the same location, that is, Paraguay's Grand Hotel. The meeting will serve to sign a document calling for recognition of the Colorado Party primary election results. Laino justified his absence in the meeting because he had a previous commitment, but he plans to attend the Saturday meeting.

Canese said he could not contact Caballero Vargas, but he is sure Caballero will not attend because he is travelling to Uruguay today, where he will stay until 6 January.

Colorado Party Leaders on Coup Rumors

PY0401205493

[Editorial Report] On 3 January, Asuncion NOTICIAS in Spanish publishes two articles and ABC COLOR in Spanish one article on Colorado Party leaders' reaction to the latest wave of coup rumors.

NOTICIAS publishes on page A5 a 150-word article in which Angel Roberto Seifart, Juan Carlos Wasmosy's running mate in the 27 December Colorado Party primary, says the rumors of a self-inflicted coup are "senseless," but a "scandalous fraud" was committed in the primaries. In the article, Seifart stresses "the need to defend the democratic process from a possible return to dictatorship." Regarding the rumors of a self-inflicted coup, Seifart reiterates that he "does not find any grounds supporting it because the official election result has not been released."

NOTICIAS publishes on pages A4 and A5 a 650-word article citing politicians' reactions to a recording in which alleged high-level politicians and military officers discuss a self-inflicted coup for the first days in January. Asked about the rumor, Diogenes Martinez, general coordinator of the Luis Maria Argana-Juan Bautista Ybanez ticket in the Colorado Party primaries, says: "Those presently in government, and other politicians, want to thwart the transition process to continue in power...because their candidate did not win the primaries..." Martinez adds: "A self-inflicted coup would be a tremendous mistake that would be repudiated by the Colorado and Paraguayan people...and will not be supported by the international community either."

ABC COLOR publishes on pages 2 and 3 a 700-word article in which presidential candidate Wasmosy says: "But who will the coup be against?" and adds that "President Andres Rodriguez and the Armed Forces have said they will bring democracy to the country. I think the process will get consolidated." Regarding the election result, Wasmosy says: "We will respect the Electoral Court's decision. I will respect it, and I think the president and the Armed Forces also will respect it." Asked about a possible self-inflicted coup, Wasmosy says: "You will have to ask Deputy Julio Cesar Frutos where he got that information."

Argana Says More About Coup

PY0401200093 Asuncion NOTICIAS in Spanish 4 Jan 93 p 3

[Text] [Colorado Party presidential candidate] Luis Maria Argana participated by telephone in the Radio Cardinal "Political Operator" program, in which Julio Cesar Frutos of the Colorado Party and Hermes Rafael Saguier of the Authentic Radical Liberal Party also were invited.

Saguier harshly questioned some of Argana's remarks. Argana replied that the remarks being questioned were taken out of context from his many speeches, apparently with bad intentions.

In an interview with Victor Benitez on the night of 2 January, Argana also said one could not think that nothing would happen just because President Andres Rodriguez promised.

Asked about the possibility of a coup in accordance with the insistent rumors spread around, Argana said: "The coup was already carried out. It is true no tanks went into the streets, but the coup was already carried out."

He explained: "From the time the police took over the Colorado Party headquarters to prevent party members from entering the building and from the time the electoral acts of the 27 December primaries were tampered with, people can be sure that the coup already has been carried out."

He added: "It is now very difficult to say what will happen. We know the electoral results are being tampered with but we will have to wait for the Electoral Board's position, and then see what to do."

First Corps Commander Denies Possibility

PY0401194593 Asuncion NOTICIAS in Spanish 4 Jan 93 p 7

[Text] First Army Corps Commander General Lino Cesar Oviedo yesterday supported the remarks made by President Andres Rodriguez that "there are no coup possibilities." Gen. Oviedo preferred to contact the media through middlemen and did not grant any interview to learn more details about the accuracy of the rumors that have been spread in the past few days.

Rodriguez literally said: "Please, I am addressing the Paraguayan people to tell them that there are no coup possibilities." Coincidentally, Rodriguez expressed his surprise over a communique issued by the U.S. Embassy that states: "The United States reaffirms that an interruption of the democratic process in Paraguay would elicit a strong reaction by the United States as well as by the international community."

NOTICIAS journalists yesterday went to the cavalry headquarters with the goal of talking to Gen. Oviedo. After the journalists arrived at the guard station and presented the required papers, the military personnel responded, after the proper consultations, that there was no chance of holding an interview because Oviedo would only receive the press during office hours.

Total Normalcy

Total normalcy was noticed at cavalry headquarters. There was not any deployment of troops or military equipment. Apparently, a meeting was under way at cavalry headquarters because many people were entering cavalry headquarters, according to a list the guards had.

Since Oviedo refused to talk to the press, various questions were left hanging in the air, questions, that deserve convincing explanations for the sake of the people's peace of mind.

Laino Presidential Candidacy Alliance Negotiable

PY0201175193 Asuncion ABC COLOR in Spanish 2 Jan 93 p 6

[Text] Dr. Domingo Laino, Authentic Radical Liberal Party [PLRA] presidential candidate, has stated that out of allegiance to democracy and the country's governability, his candidacy is negotiable for a possible alliance with the National Encounter Movement or other democratic political forces in our country. Moreover, he said that if the PLRA wins the presidential elections, he will form a national government.

"We who have been fighting for freedom and democracy for more than three decades can by no means place personal issues before the great project of creating a new society in Paraguay," Laino said when he was asked whether his candidacy was negotiable if an alliance is formed with the National Encounter. "It would be like betraying the fatherland, because at this moment the country needs to build a new society. Out of respect for that change we cannot give preference to personal or individual interests," he added.

"Seeking to strengthen democracy and make the country governable, and to find solution to the serious social and economic problems, the PLRA places its large number of voters and its open and honest leaders at the service of the cause," he said when he was asked again about the issue.

Laino also expressed confidence in the power of its voters and voiced assurances that the PLRA alone can win the 1993 elections. "You just have to look at the figures. Right now we have 1.8 million voters, of whom 440,000 are recorded in the Colorado Party internal elections. We have 500,000 members. Moreover, we have managed to register in the Permanent Civic Registry a large number of voters who participated in previous elections. This means that we have our own force and can win the elections alone," he said.

When we asked him whether it means that a possible alliance with the National Encounter has been ruled out, he said: "By no means, we do not want a government of a single party, a government of the PLRA. We hope to form a national government. If an alliance is possible with democratic sectors, including democratic sectors of the Colorado Party, it would enhance the government because it would be a national pluralist government, a government of participation."

"With that we can guarantee democracy in our country and, above all, achieve something very difficult in this part of the path to democracy, which is the country's governability," he added.

According to him, "economic and social problems are very serious and require the work of the best, the most capable, and the most honest leaders to comprise a national government."

Laino went on to say that if he manages to have access to power, he will share key posts with leaders from other parties. "If my party wins the 1993 elections, you can rest fully assured that the executive branch will include leaders from the Colorado Party, the PLRA, and other political organizations," he said.

"We must call for aptitude and capability, but the essential basis will be honesty," Laino said. He concluded by saying that both [Luis Maria] Argana and [Juan Carlos] Wasmosy represent the continuation of the previous regime, and for this reason they will be good competitors for the opposition. "Both represent a continuation, and obviously a more open and frank continuation. Top leaders of the Argana-Ybanez group and the Wasmosy-Seifart group represent a more disguised and concealed continuation. For us, either one or the other represents a good competitor whom we are going to defeat in 1993," he said.

President Retires Police Accused of Torture

PY0201134993 Asuncion ABC COLOR in Spanish 2 Jan 93 p 46

[Excerpt] Well-known policemen accused of being torturers and repressors during the previous regime have been given their retirement through a decree issued by President Andres Rodriguez and released on 31 December 1992. Most of the police officers who are leaving the active service have been accused before the courts of being cruel and savage torturers in Stroessner's repressive apparatus. The executive branch also released other decrees promoting some police officers.

Among those who were taken out of the active service of the Asuncion police are: Alberto Buenaventura Cantero, former chief of the ill-famed Investigative Police political and related activities department; and Mario Tilleria Baez, Aurelio Gonzalez Aguilar, Felipe Nery Saldivar Portillo, Eusebio Torres Romero, Fortunato Lorenzo Laspina Escurra, Pablo Ortiz Sosa, Camilo Almada (alias "Saprisa"), and Nicolas Lucilo Benitez, among other well-known torturers of the Asuncion police.

These police officers were accused by politicians, union leaders, workers, students, and peasants who were detained at the Investigative Police quarters during Stroessner's regime of being responsible for tortures and other sufferings inflicted on those opposed to Stroessner. [passage omitted]

UIP Vice President Criticizes Government

PY0101152893 Asuncion ABC COLOR in Spanish 30 Dec 92 p 13

[Text] Ruben Mujica, vice president of the Paraguayan Industrial Union [UIP], referring to deficiencies in the

government economic policies, said: "We will not surrender to mediocrity or ignorance, and we will not allow a return to the past." These remarks are part of the UPI year-end message delivered by Mujica yesterday. He labeled the state as giant, deficient, and backward. He asked that incapable officials leave, and offered measures that should be adopted to come out of the crisis and grow.

Mujica said that in Paraguay freedom has a name; the individual responsible for it is General Andres Rodriguez, to whom "everyone without exception is thankful" for the 2-3 February 1989 coup. He indicated, however, that freedom cannot only exist in the political sphere, because under that condition everyone losses. He said: "We should now analyze freely what is good and what is bad, and we have definitely recovered our right to tell government officials—the majority of whom belong to our nefarious past—that the time of direct orders and authoritarianism are over."

In one of the most critical UPI messages about national economic policies, Mujica said that the crisis is so obvious that people do not need to be told that the situation is bad because they feel it in their pockets and stomachs.

He emphasized that industrialists will not surrender to mediocrity or ignorance and that they will not allow a return to the past. After the speech when asked about the meaning of his words, Mujica said: "Let people make their own interpretation."

He explained, however, that industry cannot be blamed for the current recession. He said: "We pointed out the measures that should be adopted and gave the foundations our proposals. All our predictions were fulfilled; we did not make a single mistake. In the face of repeated mistakes by officials we now have the right to demand that our proposals be heard."

The UPI message mentioned the issues that were not fulfilled. The message said: "Where is the 5 percent accumulative growth promised on 20 December 1990? Where is the 11 percent interest rate for industry promised for January 1991? Where are the privatizations promised by Paraguay to the IMF? Where is the financial reform? Where is the state reform? Does it spend more or less? Where is the miracle harvest promised for 1991? And where is the general improvement of the economy predicted for 1992?"

The message says that weather conditions were the excuse used to justify the failure in agriculture, "when everyone knew the day communism fell that Russia's entrance into the cotton market would determine a drastic fall in international prices."

Another section of the UPI message read by Mujica says that industry bets on a free economy "but a real free economy," that is, a free economy demanding that the state definitely leave the activities that belong to the private sector.

The message adds: "The current Paraguayan state is giant, an oppressor in the economic aspect, authoritarian, inefficient, and backward. It is run by officials who still believe they are in the decade of the 50's; they are badly trained and very dishonest. This state must disappear and become a modern, efficient, capable, and transparent state."

Continuing with his criticisms of statism, Mujica also mentioned the Chamber of Deputies and all the legislation that follows that model.

He said: "These people have worsened the crisis with their ignorance and arrogance, and it is time to say this so that the people know, and so they join us in demanding that they leave."

Mujica indicated that the labor code bill and the Central Bank reorganization are two projects that will worsen the crisis to unsustainable limits. But not all the criticism was made without a proposal for solutions. The UPI again presented a list of measures that should be implemented to end the crisis and to make the country grow. The suggestions are indicated in a chart with this information.

Mujica also pointed out that industry did not grow or develop, not for lack of aggressiveness but because the Paraguayan legal framework is anti-industry, and intolerable.

The message said: Does the public sector believe that we will create companies, and that employment is managed by people who are not capable of earning a living without budget support? Does the state believe that we will continue to pay taxes so that Paraguayan Airlines or the State Railways, or Apal [Paraguayan Alcohol Administration] can be looted, or what it is even worse, that corrupt officials make outrageous fortunes? Could we be asked to continue to create wealth if we are not heard or our proposals are not considered?

Mujica said: We are capable of creating a modern and efficient industry in Paraguay, but we demand that the oppressive mold now in place be taken out.

Mujica concluded by saying: "We will struggle to have employment laws the country needs. We will struggle to have the Central Bank stop being the basis of statism in Paraguay. We will struggle for a serious tax reform without threats in which taxes are paid with joy due to their transparency. We will struggle for legislation to bring back the corporations. We will not surrender to mediocrity or ignorance or allow the past to return."

Peru

Fujimori Interviewed on Current Issues

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[Interview with President Alberto Fujimori by "Saturday Focus" host Dennis Vargas Marin and journalists

Jaime de Althaus, Ismael Leon, and Arturo Salazar at the Presidential Palace in Lima—live]

[Text] [Vargas] Today we present President Alberto Fujimori to tell us what we can expect in 1993, what will happen this year in this process of change, and about the many other news items that require clarification. The president did not attend the Democratic Constituent Congress [CCD] installation, we have not seen him take part in any Christmas or New Year celebration, and we would like to at least know how he spent the New Year holiday. In other words, the president has a number of things to comment on. That is why we bring the president to the country on Radio Programas' "Saturday Focus" program. Good morning, Mr. President. How are you? Welcome to the program.

[Fujimori] Good morning, happy new year to all. We have to discuss a few pending issues from 1992 before we talk about 1993. So many things have been said. For several days I have...

[Vargas, interrupting] Kept a low profile? [chuckles]

[Fujimori] [Words indistinct] please ask me everything.

[Vargas] Very well. Listeners, you can see the president is completely willing to answer questions. The dialogue will doubtless prove to be a great pleasure for us journalists because there is plenty to talk about.

We wish to present today's panel: Jaime de Althaus, EXPRESO editor in chief; Ismael Leon, chief political columnist for LA REPUBLICA; and, as usual, Arturo Salazar, former LA PRENSA director.

I would like to first ask the president if this government will continue calling itself the National Emergency and Reconstruction Government? Second, will the CCD issue the laws from now on, and will there be no more decrees? These are specific questions, Mr. President.

[Fujimori] Many thanks. We issued a decree on 29 December clearly stating that this government ended the transitional stage with the CCD installation, and the emergency need to legislate ended at that time. We shall therefore follow the previously established rules, and the executive branch will be solely the executive branch; truly executive, as I hope the legislative branch will legislate. I suppose the judicial branch will begin to reorganize under Jaime Yoshiyama.

[Vargas] Excuse me, Mr. President, if I ask you to clarify this point further. A ruling was issued two days ago repealing all rules and norms that opposed the CCD or opposed normal CCD operations. That means those rules or norms that do not oppose the CCD remain in effect, such as the judicial branch and others. Does that mean the executive branch will continue at the helm for other affairs despite the CCD's existence?

[Fujimori] I personally studied that decree. We simply stated that the following decrees are hereby repealed, so following your line of argument, that would even include the call for CCD elections, correct? What has been annulled are all dispositions and articles that hinder, prevent, or restrict independent and autonomous legislative work.

[Vargas] The law was issued declaring the government led by you, the National Emergency and Reconstruction Government, and important chapters and articles of the Constitution suspended. However, no specific chapters or articles were given, and now it is said the rules and norms that oppose the CCD are suspended. We ask you the question because the executive branch could continue handling the judicial branch, which is another branch, thus we are concerned about separation of powers.

[Fujimori] On that specific question, I do not believe the reorganization and moralization of the judicial branch has ended. The process will probably take a few months. Obviously, having reestablished the legislative branch, the executive branch has no business continuing with that reorganization process. I understood very well from the CCD president that the legislative branch would take up the mission of the moralization process. The news is very timely. I do not think that process has ended, there is still much work to do. The country wishes to eradicate corruption and graft completely from all branches of government, especially in the judicial branch. Mr. Jaime Yoshimaya's proposal has been very timely, and I sincerely congratulate him. He will inaugurate the CCD with a firm footing in the moralization process.

[Vargas] Before Jaime de Althaus begins to participate, now that you have mentioned the CCD president, why were you not present at the CCD installation? What happened? Were you not invited? Was it necessary to invite you? Or did you not feel like going to the inauguration? What happened?

[Fujimori] I was officially invited, but in the following manner. It is as if the Presidential Palace invites you in this fashion: Mr. Dennis Vargas, you are invited, however, there are such and such individuals who belong to—why not just identify them—the Independent Moralization Front [FIM], the Popular Christian Party [PPC], and the Left-Wing Democratic Movement [MDI] who would not be very happy to see you there. Well, since you want to start the year off on the right foot, you do not want to ruin the party, you say to yourself: If they do not want to invite me and I am not welcome—the nation is what is important—to create a harmonious climate, I will not attend. Anyway, I was not obligated to attend. I did, however, apologize to the CCD president for not attending. I want to take this opportunity to say why I was unable to attend, why I decided not to attend. I wanted to create a harmonious atmosphere as some opposition leaders, particularly from the FIM, the PPC, and the MDI, would not have been very happy to see me.

[Vargas] I truly regret that situation....

[Fujimori, interrupting] As you have seen, I decided not to attend to satisfy...[pauses] and this with....

[Vargas, interrupting] That means you do not like to have opposition?

[Fujimori] No, that is not the case at all. It is simply because I did not want to create an unsuitable climate for the inauguration.

[Vargas] At least at the inauguration.

[Fujimori] That is right.

[Vargas] We now have Jaime de Althaus on "Saturday Focus." Welcome, Jaime.

[Althaus] Thank you very much. [Words indistinct] 1992 has been positive in a number of ways. Abimael Guzman was captured, we have taken the offensive against the subversives, we have had the lowest inflation rate in 15 years, elections were finally held, and we now have a CCD. Nevertheless, we have ended the year feeling somewhat ill at ease as there are serious problems within the Armed Forces. In my opinion, it is the result of the very inadequate handling of the 13 November coup situation. Since 13 November, the government has handled the problem of these coupists very poorly. The attempt has had effects that not even General Salinas could have imagined. For example, a perfectly unknown individual such as General Salinas has become a figurehead. He has come into the spotlight. We can now say he is a factor, not necessarily a destabilizing factor, but almost a destabilizing factor, which previously he was not. Now he has become a sort of Don Quixote. He has an additional impact because he has been mistreated insofar as all the coupists were taken to the jail in Canto Grande [Miguel Castro Castro penitentiary]. That action broke a military tradition and generated general discontent in the Armed Forces. There was a subsequent attempt to invent somehow a number of documents that would show that Salinas had planned the president's assassination. That has now been refuted. The handling of this situation simply has been very poor. There is uneasiness in the Armed Forces when the situation should be better than ever. Abimael Guzman has been captured, we are now on the offensive, the Armed Forces are building roads, the situation should be one of great satisfaction. Democracy has even been restored, and much more has happened. Nevertheless, there is an uneasiness caused by the coupists' transfer to Canto Grande. Some have allegedly been tortured. The question is, Mr. President: Who is responsible for these very bad decisions that have caused problems where they previously did not exist? Who is responsible? What is going to be done with them? What is the situation with the Army's general commander? Those are my questions.

[Fujimori] Your questions demand very timely explanations. The truth is that I do not want to give more details until the civil or military process has concluded. The news definitely has made headlines. General Salinas has been in the spotlight. But this opportunity allows me to clear up the fact that on 13 November there was an attempted coup. It was not simply a coup, but also a frustrated homicide attempt against the president of the Republic. I hope that this situation will be explained at the trial. I also want to make a point regarding this matter about the poor handling, the mistreatment, which I think has been cleared up. Of course, when one is being indicted, one tries to defend oneself no matter how; that is, there is an attempt to capture public attention with arguments and pretexts.

The commanders and mayors made their statements in the presence of the military prosecutor, not while he was absent. I understand that the statements were corroborated and later expanded. It is said that this affair was mishandled. There are also some big interests at stake, which means that any step—true, some false steps were taken—is magnified by the opposition media, giving the impression that there is uneasiness in the Army.

What I do understand, and this is evident in the letters by former commanders general, is that there is some annoyance at their level. I interpret it as annoyance because there have been noticeable successes during this period, and the former commanders general are responsible for events during the time they held their posts. One must recall the times when these former commanders general were active. Some were in their posts during the military government. They made reforms and took measures that probably initiated the chaos and crises in Peru. Do not forget that Peru's greatest current debt of $22 billion began under that military government.

Some of those former commanders general are equally responsible, I repeat, equally responsible for the terrorism that afflicts Peru and that has resulted in 25,000 deaths. Many of those killed were National Police subordinates and officers and Army and Armed Force members. Therefore, I ask: Why is General Nicolas Hermoza, commander general of the Army, being criticized now that he has carried out an effective overall antiterrorist program and strategy? I ask: Who has the professional or moral right to criticize General Hermoza? Absolutely no one. What measures did those commanders general adopt to improve the welfare of the officers, soldiers, policemen, and National Police officers who were attacked by terrorists? Did they give them a small house? Did they adopt any measure in their favor? Just go visit the military hospital. So much is said about this. They obviously feel uneasy. They did not achieve what was obviously their goals, and they have absolutely no right to criticize General Hermoza or claim that there is uneasiness in the Army.

I have full confidence in General Nicolas Hermoza as Army commander general and as commander of the Armed Forces Joint Command, according to the law and according to the powers the law bestows on me.

Everything else aside, I believe it is important to continue the antiterrorist struggle as the Armed Forces Joint Command and the National Police are doing. There should be no setback whatsoever. General Hermoza will continue to have the government's full support, and I am

sure that of the country as well, so the Shining Path is defeated by 1995. He is unlike some other generals and former commanders general who did absolutely nothing during their commands to fight terrorism. I can mention specific cases later if you like.

[Althaus] No one really argues with the success of the antiterrorism struggle. A strategy exists, and your participation has a great deal to do with the success as leader...

[Fujimori, interrupting] Allow me to interrupt. Where does this Army uneasiness originate, then? It is precisely the officers and the Armed Forces that are satisfied because we now have an antiterrorism policy, led by me, of course, but enforced by the Army commander general. There may be other problems such as remuneration, that may be true, but the whole country suffers from terrorism, and it is not the fault of this government.

[Althaus] That is why I pointed out in my first question that although we are making progress regarding subversion, there is a certain malaise resulting from the command's bad decisions. I can mention another case, Mr. President. Military justice has been misused in the handling of this situation. The autonomy of military justice has been violated because certain documents that were to be used in the trial and that should not have been made public were slipped to a television program. I do not know who could have had the authority to release Gen. Salinas' documents, but Gen. Arciniegas, who was president of the war court, was retired only because he expressed his opinion that the coupists should be removed from Canto Grande and transferred to a military prison. Military justice has been tampered with, and that is very dangerous because military justice is prosecuting the terrorists, and especially because it prosecuted Abimael Guzman. The slightest suspicion that military justice can be manipulated by political powers or the military command should be avoided. The image of military justice has been seriously harmed by these events, and the military command is responsible for that.

[Fujimori] Thanks for the question because it allows me to explain certain things. I know reporters and the media are very competent at reporting breaking news. In one sense I congratulate you, and in one sense it is counterproductive. In short, I believe it is necessary for the public to be directly informed of these events, perhaps through means that are not quite normal, and to see the documents shown by a rival media source.

I do not accept your assertion that military justice has been misused and that Gen. Arciniegas was separated because he believed the coupists should be transferred from the Castro Castro jail to a military prison. The suggested transfer really came from the defense minister or, in other words, from the government. The transfer was called for while the Pueblo Libre penitentiary was being prepared.

I know, friends and fellow Peruvians, how difficult it is to struggle for moralization. It is truly difficult, but I will not retract on this issue. Behind-the-scenes events are not disclosed, especially by the people who are affected. Gen. Arciniegas was invited to retire due to a reorganization, not because of his opinion, with which I fully agree.

Allow me, Mr. Dennis Vargas, to make an aside. I do not know if you recall that during the American Popular Revolutionary Alliance [APRA] government, more or less fours years ago, a fraud was perpetrated that originated in a $35-million deal between the Military Industries of Peru [Indumil] and a Bolivian firm for the purchase of raw material required by Indumil. The deal was closed for approximately $12.5 million and finally, using dollars, the famous dollars, a $2.5-million transfer was made. Several Army officers who managed Indumil were involved in this fraud, this swindling of the state.

As you well know, I have a computer in which this information is recorded, including names. It is good for you to remember that I am not going to erase the information. In two or three years, even reporters forget who is who. Among them was retired Brigadier General Juvenal Franco (Yaugui), Colonel Alejandro Briceno Contreras, and a few other officers. Oh, and also Col. Juan Jaime Barreto Herrera and a few civilians. The military prosecutor, in view of Col. Alejandro Briceno's responsibility, requested a 12-year sentence, which I believe would have been an exemplary measure.

[Vargas] [Question indistinct]?

[Fujimori] But of course. Why should we allow these frauds, these embezzlers of state funds and particularly of Armed Forces funds, to go unpunished? Twelve years were requested.

Do you know that the court, where Gen. Arciniegas and some other members were present, sentenced him to only one year? He had already been pardoned. There during the conversation among colonels—Col. Briceno was there—and at the trial itself, it was said: This sentence ties in with what we already discussed. How do you like that? After he had taken $2.5 million, after he had done as he wished with the [word indistinct] dollars, there was no punishment. I do not accept that. The same applied to the Navy case where there was an $11.5 million theft—apparently it was even higher than that. No institution here will go unpunished for these types of incidents. So when Gen. Arciniegas says...[pauses] that as a result of his opinion to transfer.... [pauses] No sir, we must struggle against corruption at all levels. I want to say that this struggle for moralization is very difficult, because when one takes a measure, the person claims: I was removed for such and such a reason, not giving the real reason behind the dismissal.

I believe we have sufficient time on the program, so I would appreciate it if you would allow me....[pauses] A few months ago I dismissed Architect Morey, president of the Loreto Region. Just like that, with no warning, I fired him. Then Mr. Morey said he had been dismissed because he defended the ecology, because he defended the Peruvian-Ecuadoran border. No, that is not what it

was all about. He did not tell the truth. I do not have the time to reply to each and every one....[pauses] The truth is that I dismissed him because he had embezzled some funds and because by appointing his relatives to public posts he was able to use the region's resources to benefit certain persons. That is why I ask the community for its trust. If there are drastic changes, it is because we are struggling against these corrupt individuals.

[Vargas] Because there is something....

[Fujimori] I have made up my mind to continue with a firm hand in 1993. No one is going to stop me, unless they kill me, of course.

[Vargas] What you are saying then is that justice takes its time but it does arrive.

[Fujimori] Justice will arrive, and it will arrive with an ax in its hands. [laughter]

[Vargas] Ismael Leon, it is your turn.

[Leon] Good day, Mr. President, and happy new year. You mentioned the need to create a harmonious atmosphere in the coming year. A few minutes ago we touched on the issue, the problem, of the 13 November military coupists. I would like to ask you about the role of a vaguely known individual; I am talking about Captain Vladimiro Montesinos. Some officers involved in this case have accused him of personally torturing them. I believe this individual is one cause behind the uneasiness among the Armed Forces members. That is on the one hand. On the other hand, since we are talking about a harmonious atmosphere, in my opinion, Capt. Vladimiro Montesinos is not the only one who does not foster such an atmosphere. Economy Minister Bolona is not cultivating that climate as he just opened another front of discontent in the Amazonia region by eliminating tax benefits the region has enjoyed for many years. To conclude, Foreign Minister de la Puente has just caused an uproar by purging the Foreign Relations Ministry. Do you have your sights fixed on dismissing these high-ranking officials, who do not contribute to national harmony? Since you have done away with job security, are you also going to remove your associates' job security?

[Fujimori] Well, you have just asked me three very sticky questions.

[Vargas] You can answer them point by point....

[Leon, interrupting] I am concerned about the time, because I see that time is passing and....

[Fujimori, interrupting] We have all the time to talk here, and I hope the program....

[Vargas, interrupting] Speaking of time, Mr. President, the clocks at the Presidential Palace were not changed; they forgot to put them at the correct time. It is going to be 1000 here and they still have 0900. This is only an anecdote.

[Fujimori] Nevertheless, someone is going to be reprimanded. [laughter] Uneasiness obviously prevails among the few military members who have close ties... [pauses] among the coup perpetrators. I am talking about the uneasiness that prevails against Dr. Vladimiro Montesinos simply because he is an official of the intelligence service and has apparently handled that service quite efficiently, meaning by gathering, processing, and sending information to the command posts in a timely manner. He then discovered this movement.... [pauses] It is only natural that there is uneasiness among the coup perpetrators but national security is foremost. If there is any definite charge against his past record, his behavior, or his bad actions, then someone would need to stand up and make a formal charge before the appropriate authorities and with the proper evidence. I know the intelligence service was deactivated and the former commanders general who signed that letter against Gen. Hermoza de Bari have admitted to deactivating it. The intelligence service has reached just such a high level because... [pauses] from all points of view, not only from the national security point of view in detecting these coup and homicide attempts, but also to fight terrorism.

Like many other officials, Dr. Montesinos is a member of that intelligence service. I only have words of congratulation for the intelligence service because it is through integrated intelligence—last year the services became integrated—that this headway has been possible and the year's results obtained.

Referring to the charges, the coupist officers' statements were obtained in the presence of the military prosecutor. I also understand a writ has been filed to request an investigation and determine if indeed there was any mistreatment. The information I have from that investigation is that there has been no such mistreatment. Each defends himself as best he can. This coup attempt definitely took place. Those charged admitted freely and voluntarily that they received orders to assassinate the president. I hope this clarifies the matter.

[Leon] You are confirming your confidence in Capt. Montesinos?

[Fujimori] No. To begin with, he is not a captain to me. He is a lawyer. It is a good thing he served in the Army. I, too, am a member of the reserves and nobody calls me second lieutenant. Nobody calls me former second lieutenant. I am an engineer. I proudly absorbed military discipline. By the way, that is why I can perform the duties of Armed Forces commander in chief with greater conviction. My total confidence lies in the national intelligence service. I have total confidence in the Army general commander and in each of the Air Force commanders, Gen. Nadal, Admiral Alfredo Arnaiz, and Gen. Victor Alva of the National Police. I have total confidence in the country's security institutions. They are working very hard, despite adverse conditions, to defeat terrorism.

As for your question, my confidence is total. I trust the national intelligence service 100 percent rather 1,000 percent. I think it is doing an extraordinary job. At the same time, we are struggling against another problem that is hard to eradicate. I mean human rights violations. As the intelligence services' organization improves, arrests will be more precise and selective.

You asked two questions. One has to do with tax measures. I think that should be the general topic of the program. As for the precise point, we levied an 18-percent tax that benefits municipal councils in the Selva region. With it we are trying to make the tax levels among all companies more equal. This may have an impact on some companies but may also benefit farmers and ranchers, who are affected by massive imports from our border countries. That is a general part of an overall tax policy.

[Vargas] Forgive me for interrupting you, but I would like to discuss the issue Ismael Leon brought up regarding the forest and the yearly tax [tributo promocional] that has been suspended. What is the situation on the Colombian border, what of Peru's agreement with Colombia to develop border areas and centers of development? What will happen now to Peruvians who live on the border and how will this issue be settled with Colombia?

[Fujimori] There is an international treaty which, of course, comes first. We respect that. I, at least, am objective in dealing with such issues. I cannot say any more right now, but I pledge to explain this issue in the future. What was the third topic of your question?

[Leon] It was about the controversial purge at the Foreign Ministry. I do not know if you have any special information to justify it but the shake-up was very strong. Highly qualified diplomats and even your first former foreign minister have been withdrawn from service. My question is, to be more specific, did you dismiss former foreign ministers Marchand and Wagner because they resigned from their ambassadorial posts on 5 April, Mr. President?

[Fujimori] They did resign, but I am not sure if they placed their positions at my disposal. The gist of the issue is that for many years the Foreign Ministry has needed to be reorganized, reoriented, and to improve the way it uses its resources, which belong to the country. This was not done at the time—I repeat, several years ago—and there was an excess of diplomatic and administrative personnel. This was turning the Foreign Ministry into a burden. Through two decree laws, the Foreign Ministry's organic law and the diplomatic functions law, we attempted to cut down on personnel to allow other professionals and specialists, economists, business administrators, attorneys and military people, to compete and thereby allow us to bring new people into the Foreign Ministry.

I do not question the professional capabilities of certain diplomats, but in principle we are cutting down on personnel for the benefit of the country, not individuals. There were too many personnel and we needed to promote lower level diplomats. If you have 54 ambassadors and 30 consuls, it is difficult to promote lower level diplomats who, naturally, have expectations.

Allow me to explain this to the country with figures. If the government, using the people's money, allots over $50 million in foreign dollar bills annually to foreign relations, then obviously it is necessary to demand—the least we can do is demand—specific results. I believe the results we have seen are not in keeping with this sum, which is large for a poor country like Peru. We have made these personnel cuts because we believe the country's interests come first and our bilateral and multilateral relations should yield specific results and achievements.

[Vargas] Mr. President, with regard to specific results, what did you expect of these diplomats? Give us an idea of the results we should have seen, what shape they should have taken. It would be interesting to hear three examples.

[Fujimori] I would say, for example, that some diplomats have surpassed the age limit established by the law; others have not been optimally efficient in their jobs, according to an evaluation conducted primarily by people who are knowledgeable on the subject and people who know these individuals; and then there is another issue—forgive me for discussing it here in a sincere manner—that does not affect all involved. Some individuals have displayed behavior that is unacceptable in persons representing the country. For example, some individuals have conducted themselves in a scandalous manner after a few drinks at social meetings. Their behavior was not very.... [pauses] How can I say this, it is somewhat improper....

[Vargas, interrupting] Not very manly or composed?

[Fujimori] No, no, no, not very composed. I repeat I have nothing against an individual's personal private conduct, but I will say it directly: Any individual who displays his homosexuality in a scandalous manner is not worthy of representing the country. I repeat, cases such as these are the exception, not the rule. Please.

[Vargas] [Words indistinct]

[Fujimori] Other cases like this are still pending. Therefore, we had to act firmly. Previously no government dared to touch this diplomatic elite, but I think it was necessary. If you do not know about this, you can comment on this among [words indistinct] and you will find out who is who. I cannot come out and say directly who they are....

[Vargas] Are you inviting us to name them? This is "Saturday Focus."

[Fujimori] You have the opportunity to investigate. Please do, it is your obligation.

[Vargas] Very well, the program will continue. Mr. Arturo Salazar, your question please.

[Salazar] Mr. President, you are turning this into a very meaty program, as we journalists would say. [laughter]

[Fujimori] Nonetheless, there are some bones too.

[Vargas] Yes, we have picked some bones.

(Salazar] I am going to turn this around a bit. Ever since I can remember, I have always had people wish me a happy new year. But in 1993 people have wished me a less bad year than 1992. In fact, it has been a bad 1992. For example, the gross domestic product [GDP] dropped, per capita GDP dropped. Likewise, investments dropped; the people's savings practically disappeared with the bankruptcy of the savings and loans; and we still have terrorists, who waited until the very end of 1992 to stage attacks.

My specific question is as follows: Do you believe, Mr President, can you assure all Peruvians that 1993 is going to be less bad than 1992?

[Fujimori] Well, you are asking for very little. Actually, you are only asking for a year less bad than the previous one. [laughter] I do believe it will be less bad, because we have made some progress. I also share your concern that there are some barriers we must surpass. It has already been said that GDP amounted to less than 3.5 percent and we hope to reach 5 percent.

That would only mean recovering to the 1992 level, which is nothing great. There is no profit there. Let us not forget that we are in the process of stabilization, of recovering and improving our economy. Of course we have some difficulties, which I will mention later on.

[Salazar] I want to mention that you have been in power for two and one-half years. We are halfway through your administration. It has been two and one-half years of adjustments, and the people are feeling it. People have made great sacrifices and are expecting radical change in this second half of your term.

[Fujimori] Yes, and the problem is 15 years of mismanagement....

[Salazar, interrupting] You mean 30 years.

[Fujimori] Well, 30 years, but I say 15 years because those are the ones I remember the most. For example, there was the administration of Gen. Morales Bermudez, the Belaunde Terry administration, and the Alan Garcia administration. Just look at all the disasters we have accumulated. There are two ways to measure these situations. One is the accumulation of a $22 billion foreign debt, and the other is the health and education infrastructures, which are more than 60 percent deficient. Those are the results of these governments. So do not tell me it has been two and one-half years of adjustment. We have had at least 15 years of disastrous measures by those administrations, including one of a former Army general commander.

[Vargas] Mr. President, it has been 30 years. Do not forget the Velasco administration.

[Fujimori] You would think I was a Velasco supporter, because I omitted Gen. Velasco. [laughter]

[Vargas] By the way, you have repeatedly mentioned a famous former Army general commander. Could we know his name? After all, today we are calling everything by its name. We are saying things very clearly.

[Fujimori] Well, if you want to blow up the microphone, I have no objections, [laughter] no problem. Perhaps we should take a break here and go into the economy. We have some topics pending there....

[Vargas, interrupting] Look, I like to call things by their names.

[Fujimori] Okay. A few days ago, Gen. Luis Cisneros Vizquerra—and I do not know if he is the same one who was appointed war minister in a previous administration, perhaps in the administration of....

[Vargas, interrupting] You mean interior minister.

[Fujimori] Yes, he was interior minister in the Morales Bermudez or Belaunde Terry administration. He said he would wipe out subversion in three or four months. I am going to ask the gentlemen here to record this, please, and do not keep it a secret. He used to say that it does not matter if 10 persons are killed, as long as one Shining Path member is among them. Do you remember that?

[Vargas] Yes, I remember.

[Fujimori] I do not know if the same Gen. Cisneros has said this recently. He used to be known as El Gaucho.

[Vargas] That is right.

[Fujimori] Well, imagine this former commander in chief, this former minister, in a situation such as this, criticizing Gen. Hermoza and calling him an agitator. I really cannot accept such a thing. He has absolutely no authority or credibility. He made that type of proposal. There have been 25,000 victims during these last 12 years, am I right? Imagine if Gen. Cisneros' measure had been applied. At least 250,000 people might have died. What human rights or peasant lives was he talking about? That was the policy he proposed. Very well. I believe there must be an effective and efficient strategy such as the one Gen. Hermoza and the National Police are implementing with the participation of the organized population. We must continue to move forward with it and not pay attention to such barbarism.

Let us return to the issue of.... [pauses] No, I am sorry. Before I address the issue Mr. Salazar raised, I would like to point something out about foreign relations. There is a law decree in the Foreign Ministry organic law regarding the ministry's reorganization. There is a vice

ministry to take care of foreign policy and another to tend to promoting the country's economy internationally. We would like to pay special attention to these two issues.

[Vargas] Are you speaking of the reorganization at the Ministry of Foreign Relations, the chancery and everything else?

[Fujimori] That is right.

[Vargas] All Peru is interested in hearing about the new structure at the Foreign Ministry and the School of Diplomacy, which I believe the plan includes. Mr. President?

[Fujimori] I was commenting just a while back with Mr. Salazar that I will have trouble with the gay community in the United States. Won't I? [laughter]

[Salazar] We will have a terrible problem.

[Fujimori] I repeat. I have absolutely nothing against personal and private conduct. Everyone leads his own life as he sees fit. But if someone shows this conduct by creating a scandal while representing the country, then it is reproachable. Perhaps you journalists have read something that has since become part of our negative history. During the administration of Gen. Juan Carlos Ongania in Argentina, a grand reception was held for a special event and the Peruvian ambassador was not invited. He was not invited because of fear of such demonstrations, which might have created unease during the reception. I hope the country's media....

[Vargas, interrupting] I never knew the story behind that episode.

[Fujimori] Well, before taking such drastic measures I had to document it. I am telling you this almost as an anecdote because what is important here is the nation's interest. If we are going to spend $50 million per year, the people have a right to demand performance, good conduct, and morality. Some of these individuals are still being investigated for misuse....

[Salazar, interrupting] I understand that specific, isolated, and anecdotal case, as you called it, as precisely that and no more. I do not believe this distinguishes the conduct of the 117 diplomats.

[Fujimori] No, no, no. That is not it, I repeat. No, no, no, not at all. There are some cases and you, the media, are obliged to investigate. Restructuring, then, includes this specific point, as well as the School of Diplomacy. Entering the diplomatic corps will no longer be limited to those finishing the three years of studies at the school, but may also include people from other areas, as in the military. Journalists, economists, business managers, politicians, lawyers, and soldiers are welcome to join. With, say, nine months of training they can join the diplomatic service. Ambassadors cannot be hand picked by the president, as the law says, and ratified by the Congress. I think, and this has been incorporated into the new law, that appointments must be based on merit. We should hold a contest when the post of ambassador to Sweden becomes vacant. Let those candidates on the diplomatic career track, including these new members, participate in the contest. If Mr. A has an excellent resume, speaks English, knows about human rights, and speaks Swedish, he gets the post. This should not be the president's decision or the result of someone receiving the vote of some party. It is time to forget about that system. I would like to return to Mr. Salazar's question.

[Vargas] It has to do with the economy, which is very important. It should be another part of the program.

[Fujimori] The outlook is obviously better than for 1992. From the moment that terrorism was fought more effectively, it was possible for an economic program to function. Some media carried the letter I sent to IMF Director Michel Camdessus. The economic program, any economic program for Peru, will succeed if we achieve success in the task of pacification. No program will function if we have car bombs or terrorist attacks. The whole program revolves around the central axis of pacification. Pacification does not just mean operations by the Armed Forces, National Police, or government, but also social development. I mean medium and long-term development.

That is the program I am personally trying to maintain. It is not just a matter of cold figures that say that such and such parameters will be reduced or increased. No. The whole, the whole package, and the government plan, must revolve around that major task of pacification. That is why so many people are rallying around the government. Getting specifically into the economic program, GDP dropped in 1992. It is expected to be a minimum of 3.5 percent or 5 percent, but it can be recovered. That is the 1992 level, but it also means a high level of recession. It is, of course, hard to recoup previous levels quickly and harshly without risking the threat of hyperinflation. We must handle that with caution.

Some problems, however, I would like to face head on, in a technical and effective manner. The projection in the balance of trade is not very promising. A negative balance can obviously affect the whole structure of the program and [words indistinct] may have an impact despite strong reserves. For that reason, it is necessary to take steps that will make it possible to avoid an imbalance. We were able to overcome that this year because of a strong flow of short- and long-term foreign capital.

The other topic that has come up and that I personally mentioned is the exchange rate and interest rates. Interests rates are very high. The cost of capital for companies, mainly for indebted companies, is a very heavy burden. I feel the financial sector has not made a corresponding effort to reduce costs. The government

has been very willing to do so with practical ideas. You remember we eliminated the 1 percent tax on checking accounts. We lowered it from 1 percent to .5 percent because the commitment was that there would be a reduction in interest rates. Although there has been some reduction, the cost of money is still high.

Then there is the exchange rate. It is still [words indistinct] it is necessary to take joint measures. This has to be a whole package of overall measures, allowing companies and, therefore, jobs to be kept at the survival level, at least, rather than having these companies face bankruptcy. This is one of my concerns. I wish to overcome it in 1993.

[Salazar] Mr. President: Within the strategy to which you refer, what do you think about the structure of the current budget? Do you think it includes a distribution of resources that could help, for example, to promote the social welfare you just mentioned, for example to promote production? Do you think this is a revolutionary budget or is it the same one we have gotten used to over many years?

[Fujimori] Well, it has not been very many years. Just in case, because....[pauses] Prior to 1990 there were always budget deficits, say 6 or 7 percent. On the other hand, since 1991 we have had balanced budgets.

[Salazar] I am referring to the structure of the expenses.

[Fujimori] Yes, to that effect we do not have much flexibility in management, given the scarcity of resources. We are forecasting—and let us hope we can do it—the collection of over 10 percent of GDP. Then, first of all, we will be able to take care of regular expenses, the indispensable ones, and improve investment levels. These levels are still low, and of course, I am not yet satisfied with them. A (?2.5) percent investment level is not enough. As for social expenses, we are forecasting that we will spend 1 percent of GDP on social development.

[Vargas] Speaking of social expenses, Mr. President, there is great concern about the defect in the economic program. It has always been said that the defect in the program that is being carried out by the government and Minister Bolona is precisely the social emergency we are experiencing. What can one expect from a country that is totally depressed, that has made adjustments to extremes; a country without any credits, without any possibilities for the time being of attracting any investments? What can people who are going hungry and who are poor expect? How will we fight this issue in 1993? Some people are starving to death. We worry about these people. How can we generate employment in the depressed areas of Lima, in the rest of the country, to compensate in some way for this problem?

[Salazar] Mr. President, could you explain something about this? Our social expenses are one-half of those of the average Latin American country and one-third of those of the developed countries.

[Fujimori] This is precisely what I have just said. There is a scarcity of resources, and the structure of the state is such that these do not allow us greater flexibility. If we want to allot some resources to other areas, we will also have to take them away from other areas. We must seek a balance. If you say. Allot 600... [pauses] no, let us say, $1 billion for social programs, and you have a certain amount, then we would have to take about $300 million from the resources....

[Salazar, interrupting] Allow me, Mr. President: Would it not be possible to make a program of transferring resources over five years, for example? In other words, not to prepare a budget for each year, but to say this amount is going to last five years and we are going, for example, to punish one group and improve another? In this manner, maybe in five years, we could have a better expense structure.

[Fujimori] I am a mathematician and I like to work with figures. I am also a practical politician. I have not heard one single specific proposal that will tell me: Transfer this, do this, or do that. I am telling you this in all sincerity and with all due respect, Mr. Salazar.

[Salazar] Mr. President, I have not wanted to tell you this, but I presented a five-year transfer plan to Armando Villanueva. I have been promoting this for many years, and I have a copy in case you want it, but it is a little outdated.

[Fujimori] I would like that. One thing I am sure of is that the transfer program was not implemented, because then we would not have the disaster we inherited. [laughter] There is an important fact I would like to mention. I ordered that the letter of intent on Peru's economic program be made public. It was presented as a draft to the IMF. I was expecting the experts to debate the issue and I was surprised that not much was said; it was not criticized. I was expecting some suggestions. I expected it to get a lot of flack because it is a draft plan, like many of the others we had published.

[Vargas] That was at the beginning?

[Fujimori] No, that was at the beginning of December. I sent it to be published, but up to now I have not had much feedback. This plan may still have some shortcomings and there is surely much improvement to be made, and this was my reason for sending the letter to IMF Managing Director Michel Camdessus, postponing the signing of the letter of intent. I still hope to receive suggestions on the economic plan which, incidentally, is set for a three-year term, hence the importance I give to getting this feedback.

[Vargas] Because of its importance in the medium term?

[Fujimori] Exactly and the media....

[Salazar, interrupting] I would like to ask if you would be kind enough to answer the question I asked, because there many thousands, if not millions, of Peruvians

waiting to hear your answer. What are we to do about the enormous social gap? What specific plans are there to deal with this problem?

[Fujimori] There is the National Fund for Social Development and Compensation [Foncodes], which is being implemented. It is not true there is no such plan. No less than $25 million are invested each month. Now, $25 million spread out across Peru are hardly noticeable. We must double or triple this amount so the unemployment level can be reduced, at least to allow these people survival wages. This year we hope to funnel at least $800 million into the plan. The Inter-American Development Bank [IDB] has expressed its intention to create a donor fund. Following a suggestion made by the IDB, we proposed that Foncodes answer directly to the presidency. By doing so, we will improve its administration, allowing it access to outside funds. Ismael Leon mentioned a budget including a lower percentage of foreign debt payments.

[Leon] I am not the only one to mention this. I believe this is something many politicians have said. It is said that your government is quick to demand payment from Peruvians and to pay the foreign debt but slow to pay the domestic debt to the Peruvian people. This, I believe, is a very important issue.

[Fujimori] I have not seen anything, specifically in your newspaper LA REPUBLICA, about my setting a percentage of payment, similar to when Alan Garcia set a level of 10 percent of exports. He ended up paying 18 and 25 percent. I would like to hear some suggestions on this, too, because I address this in the economic plan I published with the letter of intent. Of course this worries me. But we have to project the country's expenditures for 1993, 1994, and 1995. I cannot accept unfeasible expenditures.

[Vargas] What percentage of the budget are we using for foreign debt payments?

[Fujimori] I do not have the numbers with me right now, but the balance of payment is somewhat disquieting. We must look at a very specific issue. I now ask the country's leaders, who have always criticized this: Are we or are we not seeking Peru's financial reinstatement? If we are, there is a specific line of action we must follow. If we wish to isolate ourselves financially, we will just pay the minimum amount or not pay at all. I maintain that the country does not wish to be internationally isolated. Therefore, we must seek economic reinstatement.

Reinstatement means negotiations. We must have an economic plan, negotiate with the international financial institutions, the Paris Club and the international banking community, and tell them openly that we can pay this much, according to our economic plan. The people may ask why President Fujimori has revealed the letter of intent and exposed himself to accusations of being an IMF supporter or turncoat, or whatever. The only way to do this is with all the cards on the table. We are the largest debtor country of the IMF and other development banks. This is not just since the Garcia administration. This is the responsibility of several governments before that. As Mr. Salazar has said, this problem is decades old, but it began specifically during the Gen. Morales Bermudez administration and continued with Mr. Belaunde, who stopped payments on our debt to the World Bank.

Problems began in that decade. Peru wants the reinstatement. Nobody is arguing that, not even LA REPUBLICA. If we want reinstatement, we will say: Gentlemen, we must negotiate the levels we must pay. That is where we are. I am not hearing any specific proposals, only phrases to sway the people. The people, however, are not going for it.

[Vargas] This is the final break, and we will return with Jaime de Althaus.

[Althaus] If you will allow me, I would like to return to the topic of the handling of relations with the military, and the military in general. This is an important topic, chiefly because we are seeing a new Shining Path offensive. It is not as big as previous offensives but it has been possible because the Armed Forces have been occupied in the past weeks with matters other than the most important topic, the war against subversion. As for your answer regarding Gen. Arciniega, there is too much coincidence, I think. It would seem the intelligence service was asked to seek a reason to justify his departure, and you indeed found it. That departure could have been delayed a few weeks to preserve the image of autonomy that military justice needs.

Gen. Arciniega is a man of great merit. If we talk of a system of merit, he is a valuable man who has the merits to remain in his post. This is where I am leading. He was supposedly ousted as part of moralization efforts. Regarding the Navy case, which is another important case, the government retired Vice Admiral Jimenez, who was the inspector general. He was the man conducting an investigation into embezzlement. Although he had run into stumbling blocks, he was getting results. The entire investigating team was retired, namely two frigate captains and even the naval attache who discovered the embezzlement by Rear Admiral Bustamante. One gets the impression there is an attempt to delay the investigation or suspend it, since all the persons involved in it were retired. In addition, contact with the U.S. lawyers who filed the suit before District Attorney Marcis has been broken. Something is going on when the people striving for moralization are retired. That is not compatible with your policy.

[Fujimori] The image that is conveyed and that one wants to convey is one thing and what is happening behind the scenes is another. Behind the scenes, we are fighting corruption with full strength. I regret that image problems arise. Since the people understand that not everything the media carry is the truth, I do not often respond immediately, as in the cases I already mentioned. Regarding Gen. Arciniega, many say it is all too

much coincidence. If we want moralization, we must be drastic. There are no partial solutions. If a ranking officer must, no matter how high his rank, be sentenced to 10 or 12 years, we must move ahead. There are no two ways about it. We will not take a step backward in this respect. Since I feel you know Gen. Arciniega, and you are interested in the war against drugs, remember that I proposed Gen. Arciniega hold the IDEA [Alternative Development Institute] post. The United States vehemently opposed his holding that post. To be sure, they did it in a very elegant manner.

[Althaus] That involves Peru's sovereignty.

[Fujimori] They had their reasons. They had their reasons. I do not think it was because he fought drug trafficking efficiently. Why the opposition? That is something that has always made me wonder. If this opposition exists at the highest levels of the State Department, and I am not talking about the DEA, there must be a reason for it.

Let me address the Navy issue, as you have mentioned Bustamante. The first information Bustamante gave us was that there had been no such embezzlement. This caught our attention as we had evidence that there were 8 million [currency not specified] plus interest missing. Also, it is not true that the government intends to cover up and protect some of those involved or that the retirements are inconsistent with the moralization policy; quite the contrary. The government's specific action was to arrest (Commander Villagarcia) in New York. This occurred, I repeat, because of the specific action taken by the government through our attorney and attorneys in the United States. Right now we are trying to reach an agreement with (Commander Villagarcia) and the U.S. prosecutors, because we are more concerned about (Villagarcia) giving us the names of those high-ranking officers involved in this scam than about whether he stays in prison for nine or 12 years. We are going to find out. I am going to tell you who they are and how much each one took. I said at the Naval Academy graduation ceremony—and you know I speak out directly when it comes to this sort of thing—that this is outright robbery. The Navy has been robbed; the country has been robbed. They must be drastically punished and no one is going to get away with this.

[Althaus] Who is in charge of negotiating this agreement?

[Fujimori] Our attorneys. Until now we had been beating around the bush, trying various legal maneuvers and getting nowhere, while (Villagarcia) was leisurely wandering around New York City. Now he is under arrest.

[Vargas] How was this legal action carried out in the United States?

[Fujimori] Excuse me?

[Vargas] How was the legal action, which led to his arrest, carried out in the United States, where justice has its own ways? Was it through an express request from the Peruvian Government?

[Fujimori] Before there was nothing legal except for an unspecified bank account and there was no entity with any real authority to initiate legal action. Now the Peruvian Government has assumed the responsibility and we see the effects today. Now I ask all my countrymen to look at the facts. Is Abimael Guzman in jail or not? Of course he is. Victor Polay is also in jail. Is (Commander Villagarcia), the main perpetrator of this million-dollar embezzlement at the Navy, in jail or not? You tell me. Why? Because there is a cover up? Of course not. We must be consistent with the results. The results are what count not false demonstrations and misrepresentations.

[Althaus] I was under the impression that he had been charged, not arrested, by U.S. Prosecutor Marcis, thanks to the investigations carried out by Vice Admiral Jimenez and the charges filed by the attorneys.

[Fujimori] May I interrupt here for a moment? But from there on you can imagine the kind of efforts that went on to try and prevent (Commander Villagarcia) from disclosing the names. Don't you believe that he, a commander, and having high-ranking officers such as admirals and vice admirals implicated, was not under a lot of pressure? Of course he was. That is why his prison sentence has been delayed.

[Vargas] Mr. President, we will close the program by discussing the municipal elections. There are only 27 days left and we are almost entering the home stretch. I would like you to tell us about Mr. Pablo Gutierrez, your candidate for mayor of Lima, and why Change 90/New Majority decided to pull its candidates out of the races it thought it could lose. Cusco and Arequipa are two examples. What happened? Do you lack the democratic spirit to participate? Is it that you must always win? No one likes to lose, but what was taken into account to decide that in such and such a city you were not going to participate because you might lose? How is Change 90/New Majority organizing itself for the elections, Mr. President?

[Fujimori] The reasoning is not just because we might lose. There is always the security issue, regarding our knowledge of the people's behavior toward a good administration. Change 90/New Majority is a relatively new movement and we cannot guarantee all of our candidates. Regarding the rest, I am not afraid of the democratic results at the polls, and I believe I have given the best example of allowing the voters to decide what they want. We did not wish to participate because we do not know all the candidates and because we were not completely organized. We have backed our candidates in those places where we did have the time to organize properly. Certain Change 90/New Majority people have entered the race independently under similar party

names and we wish them luck. I would like to call on the citizens to elect, not necessarily the Change 90/New Majority candidates, but the ones you believe are best prepared and most capable, but above all, honest. The old political parrots should not be in public office any more. I mean, if we managed to get them out, why put them back in? Now, regarding the Lima mayor election....

[Vargas, interrupting] Are you going to accompany your candidate at any presentations or rallies?

[Fujimori] Of course. He is the Change 90/New Majority candidate. You will meet him soon. The people in Chorrillos know him well; he is clearly recognized there.

[Vargas, interrupting] By his cap.

[Salazar] By his toupee.

[Fujimori] Not just by his cap and toupee, please. You always want to point to what is secondary. You know him. But do you know who does he identify with? The needy, children, and residents of settlements. That is how we normally see him. I had a problem when I visited poor neighborhoods. I needed a right hand man to handle the problems of water, drainage, energy, and school infrastructure. I even had problems in a matter as elementary as identifying the settlements. You know about this problem. The residents of some settlements have spent the past eight years fruitlessly trying to resolve the paper work problem in the municipalities. I hope that once elected mayor, Mr. Pablo Gutierrez will be able to resolve those problems and expedite my work as president. [chuckles]

[Vargas] You assume he has been elected already?

[Fujimori] I do not want to be a soothsayer in that respect. I am optimistic.

[Vargas] On the subject of soothsayers, do you believe in witches?

[Fujimori laughs]

[Vargas] It is not an idle question.

[Fujimori] I do not believe in witches, but I am curious about soothsayers. On some occasions I have gone....

[Vargas, interrupting] A soothsayer said on Radio Programs del Peru that there will be two more coup attempts. That was why I asked. It was not meant to....

[Fujimori, interrupting] I think she is a good soothsayer because she said attempts.

[Salazar] Or just tries.

[Vargas] Let us see what happens.

[Fujimori] Yes, with the soothsayer [laughter].

[Vargas] Do you expect them too?

[Fujimori] It would not surprise me.

[Vargas] Here is a last question. Can you confirm in their posts with equal vehemence the general commanders, Mr. Montesinos, and your cabinet, headed by Foreign Minister Oscar de la Puente, the economy minister, and all the others? Will there be changes?

[Fujimori] I do not confirm Vladimiro Montesinos or officers. Each section chief makes those decisions, according to their performance. I understand Montesinos has done an extraordinary job. I suppose Gen. Julio Salazar, chief of the National Intelligence Service, will confirm him. I can fully say that the National Intelligence Service has done very well, gets top grades. As for the Armed Forces, I am totally confirming the general commanders. As for the cabinet, one minister tendered his resignation.

[Vargas] Was this just protocol?

[Fujimori] I can take it as protocol or not, as I am empowered to. I am studying it.

[Vargas] So do think there could be changes this month?

[Fujimori] There could be.

[Althaus] A public opinion campaign has been started to give amnesty to those who participated in the coup. I have backed that campaign in EXPRESO because I think a good way to begin this new democratic phase would be to wipe the slate clean of the events that followed the 5 April coup and the later countercoup. This will foster a climate of peace and help us forget everything that happened. That way we could begin this phase with stability and without having to devote energy to handling this problem. What do you think of this proposal?

[Fujimori] I cannot comment on the amnesty topic, which really does not fall within my purview. It falls within my purview as far as granting pardons. So long as the nature of the offense is not clearly defined and confirmed, what sentence it would bring.... [pauses] If indeed it is proven there was an attempt to kill the president and the Army general commander then the matter is grave.

[Vargas] [words indistinct]

[Fujimori] Why take so facile a solution when national security is at stake. It could be affected. We forget.... [pauses] Just like this Indomil case, it would be like wiping the slate clean. When are we in the country at last going to have the same kind of security and strength with which the National Superintendency of Tax Administration handles matters? We cannot go on starting over with a clean slate. We must begin by saying: Everybody must respect the laws and minimum regulations for Peru to move forward.

[Vargas] Will the CCD be fully autonomous?

[Fujimori] I have already said it, and CCD President Jaime Yoshiyama has stressed it very well. Allow me a few minutes to talk about this. I hope, and I say this publicly as a respectful suggestion, the CCD will continue the process of reorganizing the Judicial Branch. I hope the Judicial Branch is not granted autonomy immediately because it is not yet capable of full autonomy. The moralization process should continue to eliminate corruption and seek efficiency.

I think this is fundamental to the country's progress. Let us not defend the word autonomy for the sake of it. There was talk of university autonomy, and it was defended with full vigor. I remember politicians who took on this battle. But why autonomy when the whole thing was a farce? Words that mean farce and deception for institutions and the people should be tossed out.

[Vargas] Thank you, Mr. President.

[Fujimori] Thank you for the opportunity to clarify some matters.

Solar Network Interviews President Fujimori

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[Interview with President Alberto Fujimori by Dennis Vargas Marin at the Presidential Palace in Lima and by Eduardo Lozano from Santa Fe de Bogota—live]

[Text] [Vargas] Peruvian President Alberto Fujimori is about to tell 100 million Latin Americans how he fared in 1992 and what Peruvians can expect in 1993. Mr. President, 100 million Latin Americans are listening to you over Solar.

[Fujimori] I can tell those 100 million Latin Americans that in Peru, 1992 has been a year of struggle and measures with impact. Remember that on 5 April 1992 my government took drastic measures for various reasons, among them a radical moralization of the judicial branch and the struggle for peace. I believe that after an eight-month process, Peru is beginning an authentic democracy where the people have defined their destiny and where the leaders of various origins—call them parties, unions, or others—are giving way to the majority, who must decide their own fate.

During 1992 Peru has experienced deep reforms aimed at modernizing the whole system, including the Peruvian political system. We obviously want to include the economy and the social structure in this modernization program. Bilateral and multilateral relations have also been characterized by certain steps initiated by Peru. One of them, which I believe to be the most important, was my official visit to Ecuador to seek a cordial climate, which should be the case with two sister countries. That official visit was fortunately followed by two more visits. You may imagine how such a step can improve relations. With Bolivia, also on Peru's initiative, we have taken what could be considered the first step, perhaps symbolic but very significant, in granting Bolivia a strip of beach and the possibility of opening a full-fledged port on the Pacific for foreign trade. I am referring to the Ilo Agreements, agreements that we expect to continue and consolidate with others to allow true integration.

For us, 1993 should be a year to consolidate the democratization process, of modernization, and of advances on all fronts, especially in the fight against terrorism. In 1992 we imprisoned practically 95 percent of the Shining Path leadership for life. That does not mean terrorism has been defeated. No, on the contrary, I am warning the population that this struggle will continue because Shining Path will not be totally wiped out before 1995. Peru will be completely peaceful in 1995.

In 1993 we want to talk about facts. As you know, Latin American friends, I arrived at the presidency without a political or party background. We want the Peruvian Government to leave aside hollow words and publicity and give way to pragmatic steps to come face to face to solve problems. That was the goal we set for ourselves from the beginning.

[Vargas] Many thanks, President Alberto Fujimori, for these live comments from the Peruvian Presidential Palace for the "Solar Newscast," which we broadcast every Saturday for 100 million Latin Americans. We go back to Santa Fe de Bogota where the program is directed.

[Fujimori] Happy new year to all Latin American friends. Many thanks.

[Vargas] Many thanks, Mr. President. We go back to Eduardo Lozano in Santa Fe de Bogota.

[Lozano] Dennis, there are things that are very important such as the domestic political balance of what 1992 has meant for President Fujimori. We foreign journalists believe one of President Fujimori's greatest successes has been capturing Abimael Guzman. I wonder how he sees it from inside Peru?

[Vargas] The president will reply to the question on how he feels about the capture of Abimael Guzman—what it has meant for him.

[Fujimori] A myth has definitely ended, like many other myths that we have ended here in Peru, such as political and all other types of myths. Abimael Guzman was invisible and invulnerable and now we have him behind bars. That meant most of the leadership collapsed, as well as the Shining Path's demoralization and disorganization. We are very alert to prevent a new resurgence. Naturally, there could be attacks. The Shining Path has not been wiped out. The Tupac Amaru Revolutionary Movement [MRTA] is going to suffer very heavy blows from our forces, and we hope to wipe them out in 1992 [as heard].

[Vargas] Very well, Eduardo Lozano, here we end our work from Lima unless you have a final question.

[Lozano] Peru and Colombia are close to each other. Sometimes we view what happens in Peru as something that is happening to us. We see Peruvian television. We have this Solar Network program that unites our radio stations. That is why we are very aware of and moved by the news in Peru. I have a question for the president, if he does not mind answering it. It regards former Peruvian President Alan Garcia. What has happened to his case? We understand that Peruvian justice is investigating him. What has happened to him?

[Fujimori] Well, this falls within the purview of the judicial branch, and even though I do not defend the total autonomy of the judicial branch at this time, the judicial branch must issue the final decision in the case. I hope the Democratic Constituent Congress, which has just been installed, will fulfill its watchdog task in this regard.

[Lozano] I have another question that deals with Venezuela. Peru and Venezuela have been in the news in recent weeks due to the many events that have taken place. For example, there was the case of the incident in Iquitos, where a Venezuelan military plane arrived with more than 90 individuals who requested asylum. How is that case developing? How is it being handled? How has the situation ended?

[Fujimori] The process is running its normal course. Peru has been in the news because of the 5 April action. It was a sovereign measure by the Peruvian Government. The Venezuelan Government also adopted its own measure. As far as Peru is concerned, I think it has acted in line with national interests and with respect for international law. Allow me to explain to my Latin American friends why 5 April is an example. After 5 April, practically all the counterterrorism legislation was issued, the strategy against Shining Path and the MRTA was intensified, and the results are in full view. In the past eight months, 95 percent of the Shining Path leaders have been imprisoned and given life sentences. Look at what that counterterrorism legislation meant: proceedings under military jurisdiction, the establishment of the crime of treason against the fatherland and the repentance law, and many other things, including the prison policy, which brought order and authority to jails, and the university policy, which reestablished real autonomy, not the hollow autonomy that some politicians in my country sought. These are special domestic measures intended to rescue my country from stagnation. That is why Peru has been in the news. If other countries such as Venezuela and Panama adopt unilateral measures to break ties, we will respect them, but we will continue fighting to defeat terrorism, to modernize the political system, and to eradicate corruption. You know that I struggle against corruption with every means at my disposal, no matter who those measures affect. The people support me. I think we have really established an authentic democracy. The people support me. More than three-fourths of the population have shown this, not in opinion polls but through their votes.

[Lozano] Mr. President, here in Colombia we say if the shoe fits, wear it. It is, as you say, let each one make his own decision. President, we do not want to bother you any more but we just have a few brief questions. First, do you think Peru and Venezuela will reestablish relations soon? Second, I understand that Peru has been suspended from the Andean Pact due to a unilateral decision. Could Peru return to that organization soon?

[Fujimori] Well, Peru has not been suspended. Peru requested the suspension of its participation in the Andean Pact because there were inequities in economic matters. For example, we have achieved considerable progress in the elimination of subsidies. The people understand this step. The price of fuel is based on reality in Peru. In some Andean Pact countries, it is not. Therefore, our production cannot compete with that of other countries. Peru requested the suspension of its participation with the approval of each member of the Andean Pact. I reiterate my praise for the approval. As for the break with Venezuela, the break did not originate in Peru. It was not at Peru's initiative.

[Lozano] Thank you, Mr. President, for being with us on today's Solar program, which is broadcast to 100 million Latin Americans in Venezuela, Bolivia, Ecuador, Peru, and Colombia. Do you have any message for the Colombians who faithfully listen to this program over Solar?

[Fujimori] My very cordial greetings to my friends in Colombia and each of the other countries. May 1993 be for Colombia a year in which you achieve progress in pacification, a wish we also have for Peru. This is a common denominator that unites Colombia and Peru. We will continue working on this task. Happy new year to all my Latin American friends listening to us. Thank you very much and good day.

Dincote Chief Named Police Inspector General

PA0401023993 Lima Radio Programas del Peru Network in Spanish 0203 GMT 4 Jan 93

[Text] Lieutenant General Antonio Quetin Vidal Herrera, chief of the Counterterrorism National Directorate [Dincote], was named chief of the National Police Inspector General's Office. Replacing Gen. Vidal Herrera at Dincote is Gen. Carlos Dominguez. Gen. Guillermo (Bovio) was named chief of the State General Security Directorate [Direccion General de Seguridad del Estado], replacing Gen. Rodolfo Calderon. Gen. (Edwin Reade) was named chief of the General Narcotics Directorate [Direccion General Antidrogas].

Dincote Presents Labor Leader Killers

PA0401214993 Lima Radio Programas del Peru Network in Spanish 1700 GMT 4 Jan 93

[Text] At a news conference the Counterterrorism National Directorate, Dincote, presented seven of the subversives who on 18 December murdered Pedro

Huillca Tecse, secretary general of the General Confederation of Peruvian Workers [CGTP]. The terrorists belonged to the Shining Path annihilation commando and were presented wearing striped uniforms, as has been done with other subversives.

The subversives are: Margot Cecilia Dominguez, Hernan Ismael Dipa Vargas, 26; Percy Carguas, 23; Yuri Higinio, 25; Jose Arcos Iglesias, 23; Juan Pena Bardales, 55; and Fidel Ataurima, 65.

We will listen to part of the news conference held on 4 January at the Dincote.

[Begin unidentified speaker recording] Moises Ataurima, 64, [name as heard] alias Comrade (?Hofferman); Jose, 23, was arrested in the vicinity of (?Faish) Avenue with Yuri Higinio (Huamanic Cafani), also known as Comrade Bello, from whom two explosive devices, the Russian cheese (queso ruso) that is on display up front were seized; Huamanic Cafani [name as heard] alias Comrade Celso was arrested with Jose Arcos Iglesias, 23. Carguas Tejada, 23, alias Comrade Martin, participated in the struggle (como contencion) at the hour and on the date of labor leader Pedro Huilca's murder. Ismael Dipa Vargas, 26, alias Comrade Benjamin, participated in the murder of CGTP leader Pedro Huillca Tecse. [end recording]

This was part of the presentation of the terrorists who murdered CGTP Secretary General Pedro Huillca. A large quantity of subversive material was seized from them, such as Russian cheese, explosives, and Shining Path literature.

British Government To Join Support Group

PY3112191892 Lima EL PERUANO in Spanish 24 Dec 92 p 1

[Excerpt] The British Government yesterday announced its decision to participate in the Support Group for Peru as of 1993. This announcement was made by British Ambassador Keith Haskell who noted that this decision is the result of good bilateral relations.

Haskell said that President Alberto Fujimori's government has "recovered its good image" and has made great achievements in the economic, political, and social fields.

The British representative said that Peru's prospects in 1993 are undoubtedly favorable because it has renewed its contracts with international financial enterprises and will obtain the economic aid that it so badly needs. [passage omitted]

* United Left Leader Resigns; Criticizes Alliance [EL COMERCIO 14 Dec]

93P40078 Lima EL COMERCIO in Spanish 14 Dec 92 p A4

[Text] Genaro Ledesma Izquieta, the leader of the Popular-Student-Peasant-Labor Front (FOCEP), resigned yesterday as United Left (IU) president.

He resigned because he "found it unacceptable" that the National Union of the Revolutionary Left (UNIR) and the Peruvian Communist Party (PCP) had begun negotiations, in IU's name, to launch the candidacy of Alfonso Barrantes Lingan for mayor of Lima in alliance with the Aprista Party.

In his resignation letter, submitted to IU's National Leadership Committee, he blamed Barrantes for the split of the IU front and its "poor showing in the 1990 elections."

Ledesma also questioned the attempted alliance "with an Aprista Party—led by Alan Garcia—that has yet to account for its actions."

One of the paragraphs in his resignation letter reads: "I am forced to resign as IU president so that ultimately, the pact and candidacy referred to in this letter will be the sole responsibility of the PCP and UNIR, and never that of IU.

* General Salinas Role in Coup Attempt Clarified

* TV Report Questioned

93SM0101A Lima CARETAS in Spanish 3 Dec 92 pp 18-19

[Article: "The New Story"]

[Text] No newsman misses a chance for a scoop, but the elements presented on "Panorama" last Sunday [29 Nov] were not obtained as a result of the boldness or skills of Alejandro Guerrero. No one can make General Luis Perez Documet pose before the cameras if the latter—or his superiors—do not authorize it. No reporter can make members of the Peruvian Army appear in fictional scenes claiming to recreate what happened early in the morning of 13 November [during the aborted coup against President Alberto Fujimori] unless they have specific orders from their higher-ups.

General Salinas Sedo's briefcase containing "evidence" that neither the defendant nor his attorneys had even seen was in the hands of General Jose Sevilla, the examining magistrate in charge of the case. The briefcase was turned over to Guerrero, who offered to narrate the script prepared by SIN [National Intelligence Service], Salinas Sedo reports.

Salinas' story is plausible. Among the many inconsistencies are the following: Guerrero claims that the Vanguard rifle that was allegedly to be used to assassinate

President Fujimori was bought in the United States and smuggled into the country by Salinas, but he supplies no evidence. And how did Salinas get the weapon through the carefully monitored American airports? How did he get it through Argentina and Chile without being detected on his way to Peru?

The video states that "Colonel Jaime Gutierrez Tovar and Major Marco Zarate Rotta went to DIFE [Special Forces Division]. Their mission was to get troops to support the other groups." However, on the very day the SIN video was broadcast, Gutierrez was released when it was shown that he had no connection with the conspiracy.

After the accusations against Alberto Borea, Maximo San Roman, and other civilians, the purpose of the video is obvious, but it also shows the extremes to which military justice can be manipulated by political interests.

Photo Captions

1. p 18 (caption left of top photo on 18-19): The news "scoop" carried by "Panorama" (Channel 5) last Sunday [29 Nov] laid the groundwork for accusing several political leaders of involvement in the conspiracy led by General Jaime Salinas Sedo. Producing the video required the cooperation of the examining magistrate, General Jose Sevilla, who violated secrecy by supplying part of the "evidence" used in the trial, evidence unknown to defense attorneys and the defendants themselves, according to a report by Alberto Borea.

2. pp 18-19 (upper center): SIN building where the video broadcast by "Panorama" last Sunday was made, according to General Salinas Sedo. SIN personnel were also reportedly involved in the production of the video.

3. p 18 (left center): Alejandro Guerrero shows the Vanguard rifle allegedly bought by General Salinas in the United States and smuggled into the country. Salinas denies buying the rifle. In the SIN version, how could Salinas have sneaked such a large weapon through American, Argentine, Chilean, and Peruvian inspections?

4. p 18 (center): Hugo Omeno.

5. p 18 (right center): In one portion of the video, members of the Peruvian Army appear before Alejandro Guerrero's cameras, recreating the events that occurred early in the morning of Friday, the 13th, according to the SIN scenario. Who ordered Army personnel to pose for Guerrero's cameras and show the heel-glazing iron, hammer, and rope?

6. p 18 (lower right): General Salinas' briefcase, specially packed for the occasion: passports, dollars, credit cards, incriminating documents. Actually, several objects were purposely added by the video producers.

7. p 19 (left center): Those involved in the conspiracy file by General Perez Documet, head of DIFE, to show the cameras that they are being well-treated. In the photo, Major Carmona. It is obviously a propaganda video, but it was impossible to conceal the marks on Major Zarate Rotta's arms or Perez' apprehension facing Major Ormeno, whom he does not allow to get close to him.

8. p 19 (center): Luis Perez Documet.

9. p 19 (right center): Alleged outline of General Salinas Sedo's plan including Fujimori's assassination. The SIN video combines authentic documents from Salinas, in his handwriting, with other pieces forged on a typewriter, such as the one shown in the photo. The latter, which is decisive "evidence," was not presented by the examining magistrate and was never seen until the video.

* Salinas Interviewed

93SM0101B Lima CARETAS in Spanish 3 Dec 92 pp 10-17, 78

["Exclusive" interview with retired Army General Jaime Salinas Sedo by Cecilia Valenzuela in Salinas' prison cell at Las Palmas Air Base; date not given—first seven paragraphs are editorial introduction]

[Excerpts] The trial of [retired Army] General Jaime Salinas Sedo and other officials accused of rebellion has become a magician's hat, from which the government—as some suspect—has continued to pull tricks. Based on documents that were never introduced at the General's hearing and which the latter claims are a forgery by the National Intelligence Service (SIN), those involved in the conspiracy are now being accused of attempting to assassinate President Alberto Fujimori, Army General Commander Nicola Hermoza, and SIN strong man Vladimiro Montesinos.

Several civilians have also been implicated in the plot, including Salinas' attorney, Senator Alberto Borea, and Maximo San Roman, along with Aprista [American Popular Revolutionary Alliance] leaders and businessmen connected with the communications media. [passage omitted]

In addition, we should soon know the relationship between officers being promoted and those retiring early. This is very likely to rouse more reactions of discontent.

Finally, the treatment meted out to the officials arrested is also cause for concern among their comrades in arms. The fact that the examining magistrate would reveal documents from a trial that was to be secret, rumors concerning the mistreatment of officers and subordinates, and the possibility that they could all be given heavy prison sentences are sources of irritation to those in uniform. It is difficult to predict what will happen.

The afternoon that I interviewed General Jaime Salinas Sedo in his cell at the Special Forces Division (DIFE) at Las Palmas [Air Base], I had two scares. I had to go through two rigorous inspections. Before the first one, which caused heart palpitations, my contact in the Army had smoothed the way, but I had to face the second one

alone, which literally made my blood run cold, and I had to persuade the officer on duty that I was a very close friend of the general.

I found General Salinas in a bare room. He was alone and was surprised to see me. He had not been informed that I was being sent by CARETAS and he hesitated for some time before deciding to tell me anything. However, rather than yield to my journalistic arguments, he surrendered to the certainty that he was availing himself of a legitimate right to defend himself that had been denied him by the ruling party. I therefore quickly scribbled a few questions on a piece of paper I took out of his desk, handed them to him, and immediately placed my tape recorder under a few newspapers. There were more than enough reasons to think that someone might be listening in on our conversation. In the meantime, in order to conceal what was going on, we commented on the political programs last Sunday.

I spent about 40 minutes with the General. The interview began when he handed me a piece of paper on which he had written: "Based on information obtained as the result of threats, SIN has forged documents that could be used as evidence."

[Valenzuela] Why do you accuse the National Intelligence Service of forging documents to be used against you?

[Salinas] Montesinos is a person with a criminal history. On one occasion, the Armed Forces denounced him for counterfeiting documents and for treason. At the time, the charge of treason was never proved because it was not in the Army's interest to break up the intelligence system it had in a neighboring country and the only way to convict him meant making the matter public. They therefore preferred—since the man was not important at the time—not to undo an entire intelligence system that was valuable for Peru's interests. The proceedings were therefore stayed.

He later got mixed up in drug trafficking and when this government came into office, attached himself to Fujimori, who apparently cleared him of all tax evasion charges connected with the buying and selling of his homes. Now he is the man with the most power! If you read the telephone transcription published by CARETAS [19 Nov], you realize that it is not the chief of SIN, General Julio Salazar Monroe, but rather, Vladimiro Montesinos, who is the main figure between General Nicola de Bari Hermoza and Alberto Fujimori.

This man has now forged documents because he is an old hand at it. He spent a year in prison for doing it. He has come up with documents that never existed, while documents that did exist and that told the truth about what they wanted to do have disappeared.

[Valenzuela] Where did your hearing take place?

[Salinas] The Military Courts sent the Council member, but the hearing was held at the National Intelligence Service. They did not hold it here at the Special Forces Division, but at SIN, where they handled all the information through Vladimiro Montesinos.

[Valenzuela] So what they showed on "Panorama" on Sunday was a lie?

[Salinas] Most of the things they showed were lies. I had the credit cards in my pocket and turned them over to General Jose Sevilla, but on television it looked as if they had found them in my briefcase. I had no money in the briefcase either. They also talked about a rifle they say I smuggled in. Please! Any person who has traveled, even if only one time in his life, knows that a gun carried in a case a yard and a half long would never go unnoticed through customs at any airport in the United States, Argentina (which they made up because I have never been through Buenos Aires), Chile or Peru. They now have metal detectors and sometimes you even have to take out your nail clippers because the alarm goes off when you go through. Can you imagine a gun smuggled in by me? Nothing could be sillier!

[Valenzuela] Were they trying to show that you wanted to assassinate the president?

[Salinas] Naturally, that is what they wanted to do, but no one could believe that precisely in order to do something like what we wanted to do, which was restore democracy in our country and dignity to our Armed Forces, it would ever have occurred to us to plan the assassination of a person, even a sitting president. That would have been an international scandal of such magnitude that it would only have done Peru more damage. No such idea ever went through our heads.

[Valenzuela] But they showed documents.

[Salinas] That is forged evidence. The paper written on a typewriter is a forgery. On the day that General Sevilla took my statement, he showed me documents that were in my briefcase and I recognized them with no problem, but before the hearing began, I asked what they were charging me with.

He said the charge was rebellion and he assured me that it was the only charge. He asked me whether there was any intention of assassinating the president. I answered that I had the plan in my own handwriting and it says, in the case of President Fujimori, that he should be arrested and be turned over to the courts, in accordance with the constitution.

How can you explain that there is now a document that is supposedly a plan to eliminate Fujimori? Why was that document not shown to me on the day of the hearing, when one assumes that it was the most important piece of evidence for implicating me in an assassination attempt? I never saw that proof; I saw it for the first time on television Sunday on the program "Panorama."

[Valenzuela] You never wrote it?

[Salinas] Never. What they do have in my handwriting are outlines of what the military operation could be, because I really wanted to take action to restore democratic normality to my country and dignity to my institution and I do not regret it, but from there to thinking that I could have written a plan to assassinate the president is completely false. This was forged and hatched in SIN offices. It was done by General Sevilla in complicity with Montesinos.

[Box, pp 14-15]

Who Is Sevilla?

Brigadier General Jose Sergio Sevilla Diez, who is a member of the Cavalry and of the Lieutenant Colonel Jose Benigno Cornejo class, is also a member of the Supreme Council of Military Justice. He has been appointed examining magistrate for the trial of General Jaime Salinas Sedo and other officials.

Last year, Sevilla served as inspector of the 5th Military Region headquartered in Iquitos and was implicated in the delicate case of slander and defamation against Army Major Ronald Pinto de la Zota Silva.

The officer had reported Sevilla for having induced a civilian employee of the Army to falsely accuse Major Pinto of having engaged in homosexual relations with him.

In a written statement to the 3d Criminal Court of Iquitos, the employee, Migdonio Navarro Vasquez, said he had "never engaged in any kind of homosexual relations with Army Major Ronald Pinto de la Zota Silva; that person has never made any dishonest proposition to me."

The employee's testimony had previously been used against Major Pinto to accuse him of homosexuality. However, in a sworn statement made on 25 September 1991, Migdonio Navarro states that "I was pressured by Brigadier General Serio Sevilla, inspector of the 5th Military Region, to make false statements about the sexual conduct of Major Ronald Pinto de la Zota Silva. I was coerced into signing a previously drafted document on which they even placed my fingerprint."

File 19-91 was taken to the court where, on 25 September 1992, Council members Padilla Yepez, Vitery Rodriguez, and Picoaga Sanchez issued a resolution declaring that grounds existed for the dispute over competence. In other words, the entire case will go to the judicial-military zone where Sevilla is part of the highest organ, the Supreme Council of Military Justice.

Can the exclusive military jurisdiction be impartial when Major Pinto's complaint against General Sevilla for defamation is known?

One may well wonder whether, with such a background, General Sevilla should continue to occupy a place on the Supreme Council of Military Justice. Furthermore, the general has taken basic and advanced courses at the Cavalry School, the Staff officers course at the Advanced War School, and the Joint Staff course at CAEM [Advanced Military Studies Center]. As a colonel, he served as military attache in Chile. Promoted to general, he served as inspector in Iquitos and was later appointed as a member of the military court. He has absolutely no legal training.

[Valenzuela] If it is written on a typewriter, could you prove whether it is the same type style as that of other documents in your briefcase?

[Salinas] No military plan for this movement was written on a typewriter. They were all verbal conversations; no order was given to any officer in writing. And no officer could have heard me or any other person say anything about any intention of eliminating the president. The outcry of those there—and it was only a handful—was the outcry of those who represented the majority of the officers in the Army. What has happened is that Montesinos has exerted very strong psychological pressure. Because of his control over the general commander, he is manipulating all the Armed Forces.

One is no longer free to speak in the Army, nor can you trust anyone. Now your best friend may stab you in the back. You can see that we can't even trust military justice. How can one have any trust when secret statements are now made public? Is that the justice that will try me? Whom can I trust? Civil justice manipulated by dictatorial power? I can only trust that God will intercede in this and that the Peruvian people will soon understand that it is all a farce.

[Valenzuela] Fujimori has accused you of participating in two other coup attempts in 1989 and 1990. Is that true?

[Salinas] That is totally false. Fujimori said I was planning to stage a coup in 1989. In 1989, I was a brigadier general, had a staff post, and commanded no troops. It would have been impossible for me to stage a coup and if I had attempted to do so, they would have put me on trial. Next he says that he has proof that in 1990 I was going to stage a coup when he came to power. Then why did he name me to be the minister's secretary? And later, why did he send me to the United States if I was really going to stage a coup of which he had proof? Why did he not denounce me? Why did he become my accomplice? He did not because these were fabrications that could be proved to be such.

[Valenzuela] Why did you get involved in this conspiracy?

[Salinas] Because even though I was an officer in retirement, I received a call from many officers who see in the current command total subservience and obsequiousness to the government. They see that we are on the way to destroying the Army. The most outstanding officers in the institution—I do not include myself among them—have been removed. Only officers servile to the government are promoted and appointed to the most important

posts. Officers who refuse to submit to this are forced to apply for retirement. The least capable people, people who could not make it "on the outside," are staying in the Army. This means a trend toward destruction.

The men receive starvation wages; officers live in garages. Is this the army we want to defend the freedom, sovereignty, and intangibility of Peru's borders? Our army is being turned into the armed defender of a dictatorship, not the army of all Peruvians. It has ceased owing anything to the people. The army's duty to the people is not to pass out sweaters, shirts, or computers. The army must do what the constitution orders.

[Valenzuela] Why did the conspiracy fail?

[Salinas] Since we knew that the president leaves the Palace immediately at the slightest warning, we knew, when predicting such an alert, that he would go to SIN to find Montesinos or to General Army Headquarters. On these two points, there were already officers, a large number of officers—not just a few, as they claim—who were willing to arrest him when he arrived. Once the president had been arrested, we would take over the other institutions.

There was a lack of coordination when the time came. We therefore decided to cancel the operation, not go through with it.

[Valenzuela] The coup would not take place that day?

[Salinas] No. We canceled the operation. We may have considered doing it after the elections because of latent concern among officers, but at a preliminary meeting that same day, one of the officers participating in the meeting left and informed on those of us inside. When the informer left, he still thought the coup would be staged no matter what and he therefore sounded the alarm, but we had already canceled it.

[Valenzuela] Who was that officer?

[Salinas] I will not name names; I assume complete responsibility for my acts. At the hearing, I named no names. At no time will the name of the informer come out. I think his own comrades will take it upon themselves to judge him. I know that it is one of those there because at one point in the meeting, one of the officers said, "I am counting on so-and-so," but "so-and-so" was not in on the plot and was nevertheless arrested. His name was mentioned and they arrested him even though he was not on any list. This is obvious proof that there was an informer among us and one day people will know who he was.

[Valenzuela] What next?

[Salinas] I do not think there will be a coup; I think that for the time being, the Army is under control. If they came to get me out of retirement, it was because they do not trust any general on active duty. However, you have to realize that the situation is just as serious within the institution and that at any time, a major or colonel could head up the movement and revolt. It could happen at any time.

[Valenzuela] And what will happen to you?

[Salinas] I cannot expect anything of military justice and I know that civil justice is subject to dictatorial power. Furthermore, Fujimori has already pronounced my sentence. They will punish me for attempted murder and give me the harshest sentence that exists in the Penal Code, 15 or 20 years, I don't know which, or as long as this government lasts. But if my action served to rouse the awareness of officers and make them adopt an attitude of exigency and decorum and demand the treatment they deserve, then I can accept 20 years in prison.

[Valenzuela] What role was played by the politicians whom the government now accuses of participating in the conspiracy?

[Salinas] The politicians had nothing to do with it; that is a political ploy of the government, nothing more. At no time did I tell any politicians anything about the movement. I tried to execute a military operation which, in order to be successful, had to be secret. No military man stages a coup with politicians. I did talk with many politicians and asked them what in their opinion was the best plan to enable Peru to regain its democratic normality while providing a program of social support for the people and improving the economic situation of the Armed Forces. I wanted to know their opinions because this helped me understand the political situation.

They rightly thought that Fujimori is propped up by the strength of weapons. I wondered what would happen if one day the bayonets no longer supported the president. Then San Roman would assume the presidency and Congress would be convened, a Congress that has performed an act of contrition because many politicians know they have to account to the people. Presidential elections would be called in a year. That was the political plan. I did not tell any politician that I was going to lead a coup. [passage omitted]

[Valenzuela] What were you going to do about General Hermoza?

[Salinas] That general has a solitary position in the Army. The only thing we were going to do with him was prevent him from entering General Headquarters. He would thereby lose his authority. No one was going to kill him. He is not important; he has no authority within the Army.

[Valenzuela] What can you say about the civilians who were implicated?

[Salinas] I do not know the other persons they are accusing: [Alfredo] Camino, [Enrique] Rodriguez Larrain, [Miguel] Revoredo. I only know Mercedes Cabanillas from television. They are implicating him in order to do the greatest damage possible. In my opinion,

Guerrero was hired by the Intelligence Service; you would have to ask him, as EL COMERCIO says: What is the reason for his exclusivity? [passage omitted]

[Valenzuela] What role did Julio Vera Gutierrez play?

[Salinas] I am solely responsible for everything. Julio Vera is my friend and I borrowed certain things from him without explaining what they were for because they were actually for my personal use. He loaned his things and I told him nothing about the operation. It was not a bad thing aimed at my friend because I was doing something for the good of my country.

Fungus Destroys Coca Crops in Upper Huallaga

PY3112231992

[Editorial Report] Lima EXPRESO in Spanish on 22 December on page A6 carries a 1,800-word article by Liz Mineo entitled: "Fungus Destroys Thousands of Hectares of Coca Crops." The article focuses on the destructive action of a fungus known as fusarium oxisporum, which has been credited with reducing coca plantations from 80,000 to 10,000 hectares in Tocache, in the Upper Huallaga region.

The article describes how the towns of Tocache and Uchiza, located in the Upper Huallaga region, have become virtual ghost towns as a result of fungus, which attacks only coca trees. Uchiza Mayor Demetrio Diaz Guevara said: "Believe it or not, we are now poorer than ever before." Out of the 100,000 hectares of coca crops in Uchiza, only 25,000 hectares have survived the fungus. Nearly 200,000 people residing in the Upper Huallaga region are being hard hit by the collapsing coca crop, which is their mainstay.

The article notes that the fungus was detected in 1987 in the township of Paraiso, and about two years ago it began to spread to the entire region. It quotes a study entitled: Study of the Wilting of Coca Trees, written by Enrique Arevalo Gardini, a professor at Selva Agrarian University. In his study, Arevalo contends that the fungus attacks only coca trees and that it has destroyed only 2.5 percent of the 240,000 hectares of coca crops in the Upper Huallaga region.

The article includes a statement by Alberto Lopez Maldonado, coordinator of the Front for Preventing Coca Eradication in the Upper Huallaga, who rebuts Arevalo's claim by stating that "the entire Tocache and Uchiza region has been seriously affected. Arevalo's study may conclude otherwise, but one needs only visit the area to verify the damage."

The article adds that the fungus has a devastating effect on coca trees, which it destroys in about three months. Lopez Maldonado is quoted as blaming the DEA for the spread of the fungus. He said: "It was the DEA which sowed the fungus in our coca plantations. Because they can no longer use the Spike herbicide, they are now using this fungus."

The article then reports that a senior U.S. Embassy official has denied the charge by noting that since 1989 neither the U.S. Government nor the Peruvian Government has used any chemical substance to eradicate coca crops. The article says that "there is a very simple reason for this: The fusarium oxisporum fungus has become the most successful agent for eradicating coca plantations."

The article concludes by noting that the fungus has seriously damaged the economy of the region, that many stores are closing, and thousands of peasants have lost their jobs. It adds that coca plantations seem to have shifted from the Upper Huallaga to the Central Huallaga region.

Aguaytia Valley Seen as New Center for Coca

PY0201024693

[Editorial Report] Lima EXPRESO in Spanish on 23 December publishes on page A10 a 1,200-word article by special correspondent Liz Mineo entitled "Aguaytia: The New Coca Capital" on the shifting of coca crops from the Upper Huallaga to the Central Huallaga region. The author notes that following a dramatic drop in coca production in the Upper Huallaga region, caused by the devastating action of a fungus, coca plantations have shifted from there to the Central Huallaga region and to the northern part of the Department of San Martin. According to the author the city of Aguaytia, located in the valley bearing the same name, has become the new kingdom of coca.

The article reports that thousands of coca growers have left everything behind to follow the coca route, seeking arable land for growing coca. The article adds that a considerable number of shopkeepers and subversives have followed suit, as both Shining Path and the Tupac Amaru Revolutionary Movement fund the purchase of weapons and food with the money they collect from drug traffickers.

The author cites a coca grower who states that "here in the Amazon forest, coca enables everybody to earn his bread and butter, from farmers to shopkeepers, authorities, drug traffickers, subversives—and even members of the Armed Forces earn their living thanks to coca."

The article further reports that according to a study made by Teresa Caceres Loli, project director of the Institute for Alternative Development, an adviser to the Peruvian Government, many cities of the region have registered meteoric growth. The Department of Amazonas grew by 67 percent between 1980 and 1987, while the Department of San Martin, where the largest area in Peru devoted to growing coca is to be found, grew by 32 percent.

The author then makes a review of the coca boom, which started around 20 years ago in the province of Tingo Maria, where coca plantations flourished until the government established the special project of the Upper

Huallaga Coca Control and Reduction Agency, which managed to eradicate nearly all the coca plantations from Tingo Maria.

The author describes that the boom of the city of Aguaytia is quite recent, and that the city bustles with activity all day long. Mineo reports that the city has running water and sewers, which were funded with the "taxes" that Colombians paid to local authorities for using the airports, and that it is common to find in Aguaytia stores which have notice boards advertising the sale of acetone, sulphuric acid, and other materials for processing raw cocaine paste.

The article goes on to say that the most remarkable thing in this city is the frantic activity of "pushers," who go around the city on motorcycles trying to obtain drugs, which they subsequently sell to local representatives of the "firms," or drug trafficking rings, which operate in the region.

The article points out that it is estimated that more than 30,000 hectares are devoted to coca plantations in the Aguaytia Valley, and that so far the Air Force has not been able to control the airports.

The article notes that according to the local police, there are more than 10 "firms" operating in the city, and that Colombian light aircraft land every evening at one of the eight airfields located near the city to take away the precious shipment. One of the landing strips, which is known as "Sacramento," is only one kilometer away from a Navy base.

On the same page EXPRESO also carries a 210-word unattributed article entitled "Tocache and Uchiza: Former Coca Centers" reporting that until 1990 the aforementioned cities, located in the Department of San Martin, used to vie with each other for first place as the coca capital. The article says that both cities had an estimated 180,000 hectares devoted to coca growing, thus being the largest in the Upper Huallaga region. This situation has, according to the article, been reversed because of the fungus fusarium oxisporum, which has wrought havoc throughout the region.

The article concludes that the "firms" operating in both cities have closed down to look for better ground elsewhere.

1992 Inflation Rate Lowest in 15 Years

PA0301043793 Lima Global de Television Network in Spanish 0000 GMT 3 Jan 93

[Text] Felix Murillo, chief of the National Statistics and Information Technology Institute [INEI], has reported that in 1992 Peru recorded the lowest rate of inflation in the past 15 years.

[Begin Murillo recording] The consumer price index for the Lima metropolitan area, which is the official and legal indicator of inflation, increased by 3.8 percent in December. With this figure of 3.8 percent, the accumulated inflation rate for 1992 amounts to 56.7 percent, one of the lowest rates ever recorded in Peru. [end recording]

On analyzing the evolution of inflation, one can observe this is the lowest rate recorded in Peru since 1978, when the inflation rate was 73.7 percent. The highest inflation rate was registered in 1990, when it reached 7,649.7 [as heard] percent.

[Begin Murillo recording] The year 1993 will be very important for statistics in our country, because we will conduct a national census of population and housing, and an economic census that will provide us with the basic figures for promoting the processes of development and modernization. [end recording]

Going back to December, which registered a 3.8 percent inflation rate, the INEI chief said this figure was reached as a result of the considerable price hikes registered for furniture, health care, and food.

Uruguay

Foreign Affairs, Housing Ministers Installed

PY0401203893 Madrid EFE in Spanish 1614 GMT 4 Jan 93

[Text] Montevideo, 4 Jan (EFE)—Sergio Abreu and Manuel Romay, the new ministers of foreign affairs, and of housing, land improvement, and environment, respectively, were installed today as part of the scheduled reshuffle of Luis Alberto Lacalle's ministerial cabinet, which will be expanded in the next few days.

Abreu is a current senator of the Renewal and Victory Movement, which is a faction of the pro-government National or Blanco Party led by Uruguayan Vice President Gonzalo Aguirre.

Abreu replaces Hector Gros Espiell, who had headed the Foreign Ministry since the current government took power on 1 March 1990. He voluntarily tendered his resignation.

Abreu was born in Paraguay and represented that country at international forums as a Latin American Integration Association member. He has lived in Montevideo for many years and obtained Uruguayan citizenship.

Abreu said: "The Foreign Ministry is a major multinational enterprise and we will follow a state foreign policy that is supported by all sectors."

He added: "Major importance will be given to commercial affairs during my term in office so that we can face this competitive world."

Representatives of all political parties in Congress praised Gros Espiell's performance. He soon will assume

the post of Uruguayan ambassador to France and representative before the UNESCO.

Romay was the head of the State Board of Sanitation, which is charged with supplying potable water to the population. He replaces Joe Maria Mieres Muro, who tendered his resignation two weeks ago because of his displeasure with the terms of an agreement for the construction of houses signed between the government and the Inter-American Development Bank.

Venezuela

Foreign Minister Meets With UK Official

PA0501042793 Caracas Venezolana de Television Network in Spanish 2350 GMT 4 Jan 93

[Report by Milagros Rodriguez]

[Text] Venezuela and the United Kingdom are negotiating a drug control agreement, said Foreign Minister Fernando Ochoa Antich at the Miraflores Palace. Ochoa made this announcement as he was leaving a meeting between [name indistinct], UK deputy secretary of state for foreign affairs with responsibilities in Latin America [title as heard], and the chief of the Venezuelan state. They discussed the problems of Venezuela and Latin America, and the complex European situation.

[Begin Ochoa recording] We also reviewed certain pending aspects in the relations between the United Kingdom and Venezuela, including double taxing and the negotation of a drug control agreement. [end recording]

Foreign Minister Ochoa seized the opportunity to reaffirm the Venezuelan Government's recognition of the Czech and Slovak Republics, because on 31 December 1992, before the division of the republics occurred, the charge d'affaires in Czechoslovakia presented before the Foreign Affairs Ministry the corresponding note containing Venezuela's recognition.

As for the conflict in Bosnia-Hercegovina, Foreign Minister Ochoa said Venezuela maintains a firm position in support of all decisions by the UN Security Council seeking a political and peaceful solution to this conflict.

Petroleum Corporation Begins Project With Japan

PA0401193493 Caracas Venezolana de Television Network in Spanish 1550 GMT 4 Jan 93

[Text] A joint project to reactive oil wells by (Cerroyaco)-Venezuelan Petroleum Corporation and the Japanese (Teiko Ku) oil enterprise was initiated on 1 January. Daily production is expected to quadruple by the end of 1993 with the implementation of this program.

With this important program, which also includes drilling and exploiting new oil fields nearby, it is estimated that Guarico State's oil production will increase to 20,000 barrels per day.

In Guarico State 600 oil wells have been drilled, and 250 of those can be reactivated. So far (Teiko Ku) has evaluated 130 wells, and 80 of them can be reactivated for production.

Spokesman Reports on Economic Cabinet Meeting

PA0401224393 Caracas Venezolana de Television Network in Spanish 1550 GMT 4 Jan 93

[Interview with Angel Zambrano, director of the Central Information Office, by Milagros Rodriguez at the Miraflores Palace in Caracas—live]

[Text] [Rodriguez] The meeting of the economic cabinet for 4 January has just ended. We will talk with Angel Zambrano, director of the Central Information Office, who will give us details about the subjects discussed by the ministers who make up the economic cabinet. Can you tell us what was discussed?

[Zambrano] Three subjects were discussed. Two topics, presented by the IDEC [expansion not known] and the Development Ministry, were shelved, or rather, deferred, so as to improve their content for the consumer's benefit [as heard], and to combat speculation. We did approve a reorganization of the National Hygiene Institute [Instituto Nacional de Higiene], which will make it possible to expand its capacity to produce vaccines and control foreign medications that have patents in the country.

[Rodriguez] Did this meeting discuss anythying about the Banco Italo-Venezolano?

[Zambrano] There was no discussion of this; merely a comment that reveals that the information published by a local daily on 4 January is really worrisome, causes great concern, and could create alarm, but nevertheless does not have any legal or functional basis with regard to that bank. In that sense, the Finance Ministry will ask the consumer protection superintendent to issue a clear and precise public statement.

[Rodriguez] Does this mean the savings accounts are not at risk?

[Zambrano] Not at all. They are totally guaranteed. The superintendent of banks should issue a precise statement in that regard in the next few hours.

[Rodriguez] It was said that the agenda could include cabinet changes. Was this topic discussed?

[Zambrano] There were no comments in that regard, and the president did not bring up the subject either.

Guyana

Government To Review Privatization Program

FL0401180993 Bridgetown CANA in English 1658 GMT 4 Dec 93

[By Urrell Wilkinson]

[Text] Georgetown, Guyana, Jan 4, CANA—The Guyana Government has placed its privatisation programme on hold pending a major policy statement defining its strategies around March, Finance Minister Asgar Ally said on Monday.

The divestment of state corporations and assets began with an economic recovery programme launched by the former People's National Congress government in 1989 and drew considerable criticism from the then opposition People's Progressive Party (PPP) of Dr Cheddi Jagan who is now state president.

"One of the problems we (had) in the past is that the privatisation programmes have not been credible and therefore it makes it difficult for us to come up with a privatisation programme now," Ally told CANA.

The Finance Ministry plans to hold consultations with the private sector, trade unions and other groups to get a consensus. "It won't be easy," Ally said.

He confirmed the PPP/Civic government, which came to power in elections last October, would mount a review of past divestment deals.

"We would have to review what happened, what went wrong and how things should not be done. But, they have been done and there is very little we could do to change that. Agreements have been signed. We'll have to review it to learn from the mistakes that have been made."

In the run up to the elections, Jagan, claiming that the PNC government was illegitimate, warned prospective investors that his government would "undo" any privatisation deals concluded by the Desmond Hoyte regime after March 6, 1992.

In a major shift from its former policy of state control, the Hoyte government wooed entrepreneurs and sold 13 state companies in rice, public transportation, saw milling and telecommunications among others, to regional and international investors.

Guyana Airways, Guyana Sugar Corporation (Guysuco), National Edible Oil Company, Guyana Stockfeeds Ltd, Guyana Glassworks Ltd, Guyana Pharmaceutical Corporation and Guyana National Engineering Corporation were also on the blocks for sale by the PNC administration.

The PPP which which was once labelled Marxist says it is now committed to a mixed economy.

Foreign Reserves Up in Last Quarter of 1992

FL0401175993 Bridgetown CANA in English 1606 GMT 4 Jan 93

[By Urrell Wilkinson]

[Text] Georgetown, Guyana, Jan 4, CANA - Guyana's foreign reserves grew by U.S. 43 million dollars from 142 million to 185 million in the last quarter of 1992, Finance Minister Asgar Ally said on Monday.

The minister attributed the growth to better sugar receipts, draw down of loans, improved foreign exchange inflows from increasing production and careful management of the reserves.

He said the government expects the continued foreign exchange growth in the first quarter of 1993, but on a reduced scale.

"I think we would expect it to grow, but perhaps not at the rate in which it has grown in the last three months, but to the extent that we are able to draw down the loans that are there, it will obviously help," Ally told CANA.

The servicing of Guyana's U.S. 2 billion dollar foreign debt from these reserves will also affect the growth of the reserves, he said.

"Of course you have got to realise we have huge debt service payments to meet and to the extent that we have to use some of these resources to meet these debt payments, then, it wouldn't grow as fast," the finance minister said.

Ally said the reserves are worth about six months of imports.

He said inflation had dropped from about 20 per cent to around 13 per cent.

"That was achieved largely since the government came to office (in October)," he said. "We have been trying to work and bring down some prices plus the (exchange) rate has been stable and wage increases have not been that big. So it has been achieved through a combination of wage restraints, tight monetary and fiscal policies and action to bring down some prices."

The prices for gasolene, kerosene, flour and some other consumer goods have dropped under the new People's Progressive Party/Civic alliance in its drive to bring down the cost of living.

Ally, a former deputy governor of Jamaica's Central Bank, said the government would be comfortable with a "single digit" inflation rate. "In fact, our target is to bring it down to about eight per cent this year," he said.